

IN THE SENATE OF THE UNITED STATES.

JANUARY 28, 1895.—Ordered to be printed.

Mr. BRICE, from the Committee on Pacific Railroads, to whom was referred Senate resolution of October 13, 1893, directing that Committee to investigate and report to the Senate if the Union Pacific Railway Company has passed into the hands of a receiver; and if so, by what action and under what circumstances, and what steps, if any, are necessary to protect the interests and secure the indebtedness to the United States of said railway, reporting by bill or otherwise; and to inquire into and report upon the extent of the authority of Congress over said road, submitted the following

PARTIAL REPORT:

THE PACIFIC RAILROADS.

The present practical question of the indebtedness of the bond-aided Pacific railroads is of vast magnitude and of the highest importance. Its solution and settlement, and a final adjustment of the relations of the United States with these roads, looking to the ultimate discharge of this indebtedness and the early rehabilitation of the roads so that they may subserve the purposes for which they were originally created, is imperatively demanded, not only by the United States and the roads themselves, but also by the communities and people which they serve with railroad facilities, and by the holders of valid securities issued or guaranteed by the railroad companies.

The measure of relief to be provided ought to be comprehensive and far-reaching enough to embrace all these interests. It should especially aim to preserve the rights of the United States in the premises, and to be such as the roads can live under. Whatever of partnership relations exist between the United States and these roads should be terminated in such manner as shall be to the interests of both. In dealing with this subject more regard must be had for present conditions than for past grievances. Recollections of the Credit Mobilier and other unjust manipulations should not overbalance the sober business thought of to-day, or outweigh considerations and conditions obtaining at the present time.

The subject has engaged the attention of all branches of the Government for many years. It has been almost constantly before Congress since 1878 when the Thurman Act was passed; various committees have investigated the condition of these bond-aided roads and have formulated plans for the settlement of their indebtedness to the United States; United States railroad commissioners and the various boards of Government directors have from time to time made their reports and recommendations; and a special investigating committee,

appointed by the President under the act of Congress approved March 3, 1887, made a most thorough and exhaustive examination of the properties of these roads and their financial condition, not only as to their present status but also with reference to the construction of the roads and their subsequent managements, and submitted measures for the final settlement of the roads' indebtedness; and the attention of Congress has been called to this subject, at various times, by the President of the United States.

It would seem, therefore, that the general relations of the United States with these companies ought to be pretty well understood. Generally speaking, this, perhaps, is the case; and yet the subject is so many-sided and has so many ramifications in the financial world that it may not be amiss at this time to review somewhat briefly the history of these roads, in their various phases, from their organization down to the present time.

It shall not be the purpose of your committee to go into details as respects the original construction of these roads, their early management and operations, or their alleged non-compliance with the law in the matter of subscriptions to their capital stock. All of these matters have been very fully treated in the reports made by the commission and the minority commissioner appointed by the President under the act of Congress approved March 3, 1887, and it is unnecessary here to add anything touching those matters to what is contained in those reports. (Ex. Doc. No 51, Fiftieth Congress, first session.)

The purpose of your committee will be subserved if it can succeed in acquainting Congress with a correct understanding of the status of these bond-aided roads, and can, with the aid of the Congress, formulate a comprehensive, final, and effective measure of relief, as above indicated.

It will be convenient to divide this report and treat of each system of roads separately:

- First, the Union Pacific system; and
- Second, the Central Pacific system.

FIRST. THE UNION PACIFIC SYSTEM.

- I. The charter, construction of roads, and subsequent legislation.
- II. The roads composing the system at present and their financial status.
 - A. Main lines of the system.
 - B. Operated lines.
 - C. Railway companies in which the Union Pacific Railway Company has a proprietary interest, the operations of which are included in the general statements of the system.
 - D. Other railway companies in which the Union Pacific Railway Company has a proprietary interest, the operations of which are not included in the general income statements of the system.
 - E. Companies other than railway companies in which the Union Pacific Railway Company, or some of its auxiliary companies, has a proprietary interest, and miscellaneous investments.
 - F. Coal department.
 - G. Land department.
- III. Policy of owning and controlling branch lines of road, and other outside investments.
- IV. Measure of relief.

I. THE CHARTER, CONSTRUCTION OF ROADS, AND SUBSEQUENT LEGISLATION.

The scheme of building a transcontinental line of railway to the Pacific Ocean, which had been so long under discussion both in and out of Congress, took practical shape in the Thirty-seventh Congress. On the 1st of July, 1862, an act was passed entitled "An act to aid in the construction of a railroad and telegraph line from the Missouri River to the Pacific Ocean, and to secure to the Government the use of the same for postal, military, and other purposes" (12 Stat., 489). The first section of the act created a corporation composed of one hundred and fifty-eight persons, whose names were given, together with five commissioners to be appointed by the Secretary of the Interior, with powers of perpetual succession and other attributes of a corporation, to be known as "The Union Pacific Railroad Company," which, with other companies already organized, or which might be organized as therein provided, was to carry out the purposes of the act, as expressed in its title. The capital stock of the company was to be \$100,000,000, divided into shares of \$1,000 each.

The original scheme contemplated one grand trunk line of railroad from a point on the one hundredth meridian of longitude west from Greenwich, between the south margin of the valley of the Republican River and the north margin of the valley of the Platte River, to be fixed by the President of the United States, to the western boundary of the Territory of Nevada, there to connect with a line of road to be constructed by the Central Pacific Railroad Company of California, to be presently described. To accommodate the various Eastern interests, the act provided that no less than six points on the Missouri River should be termini of branch lines of road, all of which should run westwardly and converge at the initial point on the one hundredth meridian, viz, Kansas City, Leavenworth, Atchison, St. Joseph, Sioux City, and such other point on the western boundary of Iowa as the President of the United States should designate. This point was afterwards fixed at Council Bluffs and Omaha.

First. The Leavenworth, Pawnee and Western Railroad Company of Kansas was to build a line of road from Kansas City, uniting with that line a branch from Leavenworth, and join the trunk line at the one hundredth meridian.

Secondly. The Hannibal and St. Joseph Railroad Company of Missouri was authorized to extend its roads from St. Joseph via Atchison to connect with the Kansas road, or, with the consent of the Kansas legislature, it might, if it so desired after the country had been surveyed, construct its road west from St. Joseph so as to connect with the Iowa branch (to be presently described) east of the one hundredth meridian, or with the main line at that point.

Thirdly. The Union Pacific Railroad Company was to construct a line from a point on the western boundary of Iowa, to be fixed by the President of the United States, upon the most direct and practical route, to the initial point on the one hundredth meridian. This, as above stated, was the Council Bluffs and Omaha line.

Fourthly. It was provided that whenever there should be a line of railroad completed through Minnesota or Iowa to Sioux City, then the Union Pacific Railroad Company was to construct a line of road from that city so as to connect with the Iowa branch above mentioned, or with the main line at the one hundredth meridian.

As above stated, the Union Pacific Railroad was to connect, on the boundary line between Nevada and California, with the Central Pacific

Railroad of California; and, accordingly, in order to make one continuous line to the Pacific coast, the act provided that the Central Pacific Railroad of California might construct a railroad and telegraph line from the Pacific coast, at or near San Francisco or the navigable waters of the Sacramento River, to the eastern boundary of California, upon the same terms and conditions, in all respects, as the Union Pacific Railroad, and to meet and connect with that road and telegraph line on the eastern boundary of California.

It was further provided that the eastern companies, upon the completion of their respective lines of road, might unite with the Union Pacific Railroad Company in building to the western boundary of Nevada, and that if when that point was reached the Central Pacific Railroad Company of California had not completed its line of road, then the Union Pacific Railroad Company might, with the consent of that State, build its line into and through the State of California until it should meet the Central Pacific Road, and thus form one continuous line; and if the Central Pacific should first reach the boundary line between California and Nevada, then it might continue the construction of its road until it should meet the Union Pacific road and make a connection with it; or, in the event of none of the eastern lines being built, it might construct its road and telegraph line on through to the Missouri River, including the branch lines mentioned, upon the routes specified, upon the same terms and conditions as were provided in relation to the Union Pacific Railroad Company.

A right of way 200 feet wide on each side of the road was granted to all of the lines mentioned; and to aid in their construction public lands, not mineral, in odd-numbered sections, to the amount of 10 sections per mile, 5 on each side of the road, and within 10 miles of the line thereof, were granted to them. As a further aid in the construction of the road, and to induce capitalists to undertake the enterprise, the act provided for the loan to the company of United States 6 per cent thirty-year bonds, of the denomination of \$1,000, to the amount of \$16,000 per mile of road, with treble that amount, or \$48,000 per mile, for 300 miles most mountainous, to wit, 150 miles eastwardly from the western base of the Sierra Nevada and 150 miles westwardly from the eastern base of the Rocky Mountains, and double the original amount, or \$32,000 per mile, for the intervening space between those two mountainous sections, with a further proviso that not more than \$50,000,000 of bonds should be issued for the main line of road.

These bonds were to be delivered to the companies upon the completion of each section of 40 miles of road over the level country, and of 20 miles over the mountainous country from the eastern base of the Rocky Mountains to the western base of the Sierra Nevada. Twenty-five per cent of the bonds issued in aid of the line east of the one hundredth meridian and west of the Sierra Nevada Mountains, and 15 per cent of them between those points were to be reserved until the whole line should be fully completed, and should be forfeited to the Government if the road should not be completed within the time specified in the act. And it was provided that the issue and delivery of the bonds to the company should *ipso facto* constitute a first mortgage on the whole line of the railroad and telegraph, together with the rolling stock, fixtures, and property of every kind and description, and in consideration of which the bonds were issued; and that, upon the failure or refusal of the company to redeem any of the bonds, when required to do so by the Secretary of the Treasury, in accordance with the provisions of the act, the road, with all the rights, functions, and immunities and appurtenances, and all the granted lands which should

then be owned by them, might be taken possession of by the Secretary of the Treasury for the use and benefit of the United States.

The sixth section of the act provided as follows:

That the grants aforesaid are made upon condition that said company shall pay said bonds at maturity, and shall keep said railroad and telegraph line in repair and use, and shall at all times transmit dispatches over said telegraph line, and transport mails, troops, and munitions of war, supplies, and public stores upon said railroad, for the Government whenever required to do so by any Department thereof, and that the Government shall at all times have the preference in the use of the same for all the purposes aforesaid (at fair and reasonable rates of compensation, not to exceed the amounts paid by private parties for the same kind of service); and all compensation for services rendered for the Government shall be applied to the payment of said bonds and interest, until the whole amount is fully paid. Said company may also pay the United States, wholly or in part, in the same or other bonds, Treasury notes, or other evidences of debt against the United States, to be allowed at par; and after said road is completed, until said bonds and interest are paid, at least five per centum of the net earnings of said road shall also be annually applied to the payment hereof.

The company was required to file its assent to the provisions of the act in the Interior Department within one year from its passage, and was required to complete the main line from the one hundredth meridian to the western boundary of Nevada before July 1, 1874, and to have a completed line ready for use from the Missouri River to the navigable waters of the Sacramento River by July 1, 1876, under penalty of forfeiture of the whole property of every kind belonging to the corporation.

The companies were given the further privilege of arranging with companies having existing overland lines of telegraph to remove and transfer them along their lines of road, to be operated in connection with them, instead of being required to construct new lines.

The inducements offered by the act of 1862 were not sufficient to enlist capital in the Pacific railway enterprise. Very little stock was subscribed in the company, and no work was done under the act by any of the Eastern companies toward the construction of the roads. Accordingly, on the 2d of July, 1864, an amendatory act was passed by Congress much more favorable to the company. (13 Stat., 356.)

That act reduced the value of the shares of stock from \$1,000 to \$100, each, and increased the number of shares to 1,000,000, so that the capital stock still remained, as before, \$100,000,000. The books of the company were to be kept open for subscriptions until the entire amount of the capital stock should be subscribed, and the company was required to—

make assessments upon its stockholders of not less than \$5 per share, and at intervals of not exceeding six months from and after the passage of this act, until the par value of all the shares subscribed shall be fully paid, and *money only shall be receivable for any such assessment*, or as an equivalent for any portion of the capital stock hereinbefore authorized. The capital stock of said company shall not be increased beyond the actual cost of said road. And the stock of the company shall be deemed personal property, and shall be transferable on the books of the company at the general office of said company in the city of New York, or at such other transfer office as the company may establish.

The act reduced the width of the right of way of the roads from 200 feet to 100 feet on each side of the road, but gave additional ground, when necessary, for depots, turnouts, and other required structures; and it gave to the companies the right of eminent domain, under certain restrictions, according to a form of procedure therein described. It doubled the land grant, continuing the exception as to mineral lands, which, however, were not to embrace coal and iron; extended for one year the time for the completion of the roads; and provided that only one-half of the compensation for services rendered the Gov-

ernment should be retained and applied to the payment of the bonds issued in aid of the construction of the road. The reservation in the act of 1862 of a percentage of the bonds until the completion of the road was repealed, and it was declared that the failure of any company to comply fully with the terms of the act should not work a forfeiture of the rights, privileges or franchises of any of the other companies that had complied with the same.

For the purpose of facilitating the work of construction and enabling the companies as early as practicable to commence the grading of the railroad in the region between the eastern base of the Rocky Mountains and the western base of the Sierra Nevada, the act provided that whenever the chief engineer of the companies and the commissioners appointed on behalf of the United States should certify that a certain portion of the work required to prepare the road for the superstructure on any section of 20 miles was completed, the Secretary of the Treasury should issue to the company a proportion of the bonds, not exceeding two-thirds of the amount authorized to be issued for such section when completed, and in no case exceeding two-thirds of the value of the work done, the remaining one-third to remain until such section should be fully completed, with a proviso that the Union Pacific Company should not receive any bonds for work done west of Salt Lake City more than 300 miles in advance of the completed continuous line of road from the initial point on the one-hundredth meridian.

It was further provided that any road authorized by the act to construct its road and telegraph line from the Missouri River to the initial point on the one-hundredth meridian might construct its road so as to connect with the Union Pacific at any point west of that point, if it should so desire, receiving all the benefits and being subject to all the conditions and restrictions of the act as to so much of its road as departed from the original line, excepting that the bonds of the United States should not be issued to the company for a greater amount than if it had united with the Union Pacific on the one-hundredth meridian, nor should the company receive any greater amount of public lands than therein provided.

Perhaps the most important amendment to the act of 1862 was contained in the tenth section of the act of 1864. That section gave the companies the power to issue their first-mortgage bonds on their respective lines of road, upon the completion of each section of 20 miles thereof, to an amount not exceeding the amount of the United States bonds loaned, and of even tenor and date, time of maturity, rate and character of interest therewith, and made the lien of the United States subordinate to the lien of those first-mortgage bonds, excepting as to the provisions of the original act relating to the transmission of dispatches, transportation of mails, troops, munitions of war, supplies, and public stores for the United States. And the United States bonds were to be issued to the companies upon the completion of each section of 20 miles of road instead of 40, as in the original act.

The amendatory act also made some changes with reference to the Eastern branch roads. The Union Pacific Railroad Company was relieved of the duty of building the Sioux City branch, and it was provided that any company, which might be designated by the President, that had built a line to Sioux City from the east or north, should build that branch, but should not receive any larger sum in subsidy bonds than the Union Pacific would have done if it had constructed the line. The Sioux City and Pacific Railroad Company was afterwards designated by the President to build this branch, and it was built for the sole purpose of earning the subsidy in bonds and lands, down on the

east side of the Missouri River to Missouri Valley, and thence west to Fremont, Nebr. It never was of any consequence as a branch of the Union Pacific system, and since 1884 it has been under the control of the Chicago and Northwestern Railway Company, that company having purchased nearly all of its capital stock, and it now forms part of that company's through line from Omaha to St. Paul.

The Leavenworth, Pawnee and Western, the name of which had, on June 6, 1863, been changed to the Union Pacific, Eastern Division, and which subsequently, by the joint resolution of Congress of March 3, 1869 (15 Stat., 348), became the Kansas Pacific, was authorized by the act of 1864 to construct its road from Kansas City, either by way of Leavenworth, or west from Kansas City, connecting Leavenworth with that line by a branch from that point to a point at or near Lawrence, with the proviso that the Leavenworth-Lawrence branch should receive no subsidy in bonds. The act then provided that if, when that company should build to the initial point on the one hundredth meridian, the Union Pacific should not be proceeding in good faith to build its road through the Territories, then the Kansas company might proceed westward on the same line to a connection with the Central Pacific, with the condition annexed that the line in Kansas should be built through Lawrence and Topeka or along the Kansas River opposite those cities, and with the further proviso that on the Union Pacific line no bonds should be issued or lands possessed west of the one hundredth meridian until the line should be built from Omaha to that meridian. Another provision in that act was to the effect that any company authorized to construct its road and telegraph line from the Missouri River to the initial point on the one hundredth meridian, might connect with the Union Pacific at any point west of that point, with the proviso that in such instance it should receive no greater bond subsidy than if it had constructed its line to the initial point on the one hundredth meridian.

The Burlington and Missouri Railroad Company was authorized to extend its line from its terminus, near the mouth of the Platte River, through the Territory of Nebraska, to a connection with the Union Pacific not west of the one hundredth meridian, and in aid of that line a grant of public lands, like that to the other lines specified, was made to it, but no bond subsidy was extended. The Central Pacific Company was restricted to building its line 150 miles from the California boundary.

The companies were forbidden to make any discrimination in the matter of telegraphing; they were required to pay the costs of surveying the lands granted to them before receiving patents therefor; and, subject to certain restrictions, they were authorized to consolidate their lines of road, the capital stock of the consolidated company being limited to the actual cost of the roads embraced in the consolidation.

Future governmental control was intended to be preserved by a final provision that "Congress may, at any time, alter, amend, or repeal this act."

The legislation just described constitutes what may properly be denominated the charter of the Union Pacific Railroad Company, and marks an epoch in the political and economic history of the United States. Hitherto all the aid that had been extended by the Federal Government for the construction of railroads had been by grants of public land to the respective States in which the lands lay, to be bestowed by the State on such company as might be incorporated under the laws of that State for that purpose. The Union Pacific Railroad Company was the first corporation of the kind created by Congress, and the loan of United States bonds to the several companies, in aid of the

construction of the various lines of road, stands alone in the legislation of Congress as an instance of the pledge of the public credit to private corporations for the accomplishment of the purposes of their creation.

The object and purpose of this legislation and the reasons which actuated Congress in passing it, can not be better stated than in the language of the Supreme Court in the "Interest Case," *United States v. Union Pacific Railroad Company* (91 U. S., 72, 79). In delivering the opinion of the court, Mr. Justice Davis said:

Many of the provisions in the original act of 1862 are outside of the usual course of legislative action concerning grants to railroads, and can not be properly construed without reference to the circumstances which existed when it was passed. The war of the rebellion was in progress; and, owing to complications with England, the country had become alarmed for the safety of our Pacific possessions. The loss of them was feared in case those complications should result in an open rupture; but, even if this fear were groundless, it was quite apparent that we were unable to furnish that degree of protection to the people occupying them which every Government owes to its citizens. It is true, the threatened danger was happily averted; but wisdom pointed out the necessity of making suitable provision for the future. This could be done in no better way than by the construction of a railroad across the continent. Such a road would bind together the widely separated parts of our common country, and furnish a cheap and expeditious mode for the transportation of troops and supplies. If it did nothing more than afford the required protection to the Pacific States, it was felt that the Government, in the performance of an imperative duty, could not justly withhold the aid necessary to build it; and so strong and pervading was this opinion, that it is by no means certain that the people would not have justified Congress if it had departed from the then settled policy of the country regarding works of internal improvement, and charged the Government itself with the direct execution of the enterprise. This enterprise was viewed as a national undertaking for national purposes; and the public mind was directed to the end in view, rather than to the particular means of securing it. Although this road was a military necessity, there were other reasons active at the time in producing an opinion for its completion besides the protection of an exposed frontier. There was a vast unpeopled territory lying between the Missouri and Sacramento rivers which was practically worthless without the facilities afforded by a railroad for the transportation of persons and property. With its construction, the agricultural and mineral resources of this territory could be developed, settlements made where settlements were possible, and thereby the wealth and power of the United States largely increased; and there was also the pressing want, in time of peace even, of an improved and cheaper method for the transportation of the mails, and of supplies for the Army and the Indians.

It was in the presence of these facts that Congress undertook to deal with the subject of this railroad. The difficulties in the way of building it were great, and by many intelligent persons considered insurmountable.

Although a free people, when resolved upon a course of action, can accomplish great results, the scheme for building a railroad 2,000 miles in length, over deserts, across mountains, and through a country inhabited by Indians jealous of intrusion upon their rights, was universally regarded at the time as a bold and hazardous undertaking. It is nothing to the purpose that the apprehended difficulties in a great measure disappeared after trial, and that the road was constructed at less cost of time and money than had been considered possible. No argument can be drawn from the wisdom that comes after the fact. Congress acted with reference to a state of things believed at the time to exist; and, in interpreting its legislation, no aid can be derived from subsequent events. The project of building the road was not conceived for private ends; and the prevalent opinion was, that it could not be worked out by private capital alone. It was a national work, originating in national necessities, and requiring national assistance.

The policy of the country, to say nothing of the supposed want of constitutional power, stood in the way of the United States taking the work into its own hands. Even if this were not so, reasons of economy suggested that it were better to enlist private capital and enterprise in the project by offering the requisite inducements. Congress undertook to do this, in order to promote the construction and operation of a work deemed essential to the security of great public interests.

It is true, the scheme contemplated profit to individuals; for, without a reasonable expectation of this, capital could not be obtained, nor the requisite skill and enterprise. * * * But the primary object of the Government was to advance its own interests, and it endeavored to engage individual co-operation as a means to an end—

the securing a road which could be used for its own purposes. The obligations, therefore, which were imposed on the company incorporated to build it, must depend on the true meaning of the enactment itself, viewed in the light of contemporaneous history.

It is not the purpose of your committee to enter into the question of the policy or the wisdom of the legislation we have described. The responsibility for its enactment must rest upon the Congress which enacted it. It is sufficient for our present purposes that it was enacted; and that under it, and in view of the circumstances then existing, and the conditions which then applied, the roads were eventually built, and vested rights grew out of it.

It will be noted, from what we have observed with reference to this legislation, that the original scheme contemplated a Pacific Railroad, with numerous branch lines starting from points on the Missouri River and converging at a point to be fixed on the one hundredth meridian, there to proceed westwardly as one grand trunk line to the Pacific coast. All through this legislation are found provisions showing clearly that the intention of Congress was that all these lines should be operated as one continuous line. All the lines aided with bonds and lands or with lands alone were to collectively constitute one grand transcontinental system of roads uniting the Pacific coast to the East.

The act of 1864 was accepted by the Union Pacific and the other companies named as beneficiaries, and the work of construction was commenced the following year. In the meantime, however, the act of March 3, 1865 (13 Stat., 504), was passed, which permitted the several companies to issue their first-mortgage bonds 100 miles in advance of their completed lines of road, and made the interest on such bonds payable in any lawful money of the United States.

The act of 1864 having provided that any company authorized to build a line of road from the Missouri River to the initial point on the one hundredth meridian might connect its line with the Union Pacific west of that point, the Union Pacific, Eastern Division (Kansas Pacific), headed for Denver. Subsequently, the act of July 3, 1866 (14 Stat., 79), was passed, giving to that company additional time within which to file its map of general route, and requiring it to connect with the main line of the Union Pacific at a point not more than 50 miles west of the meridian of Denver. By the act of March 3, 1869 (15 Stat., 324), this company was authorized to contract with the Denver Pacific Railway and Telegraph Company for the construction of its road from Denver to the point of junction with the Union Pacific, which was, by that act, fixed at Cheyenne; and this company, which now became the Kansas Pacific Railway Company, was required to complete its road to Denver and form a proper connection with the Denver Pacific road so as to make one continuous line from Kansas City via Denver to Cheyenne, and subject to the same provisions of law as to a continuous line, without discriminations, as applied to the Union Pacific and its branches. Under these statutes, the Kansas Pacific Company received no greater subsidy in United States bonds than if it had built to the initial point on the one hundredth meridian, and the Denver Pacific received no bond subsidy at all.

The act of July 3, 1866, above mentioned, also authorized the Union Pacific Railroad Company, by and with the consent of the Secretary of the Interior, to locate and construct its road from Omaha westwardly, on the most practicable route, without reference to the initial point on the one hundredth meridian, in a continuous completed line until it should meet and connect with the road of the Central Pacific Railroad Company of California; and the Central Pacific Company, instead of

being limited to the right to build but 150 miles of road east of the California State line, as provided by the act of 1864, was authorized, by and with the consent of the Secretary of the Interior, to continue its road eastward, in a continuous completed line, until it should meet the Union Pacific. And each of those two companies was given the right, under certain conditions and for the more expeditious construction of their roads, to work for an extent of not to exceed 300 miles in advance of their continuous completed lines, respectively.

After the enactment of 1866, just mentioned, the work of construction went on at a rapid rate. It was a race between the Union Pacific and the Central Pacific for the Government subsidy in lands and bonds. Every mile between the summits of the Sierra Nevada and of the Rocky range meant a prize of from \$32,000 to \$48,000, with the commercial advantage of controlling the traffic of the Great Salt Lake Valley in Utah. Each of the companies had its grading parties 100 miles or more in advance of its completed line of road. When the two roads finally met at Promontory Summit, about 53 miles west of Ogden, it was found that the Central Pacific had graded 80 miles east of that point, and had obtained from the Secretary of the Treasury an advance of two-thirds of the bond subsidy on its graded line to Echo Summit, about 40 miles east of Ogden, before its completed line had reached Promontory Summit, while the Union Pacific had laid its track to and westward of Ogden. The graded lines were about 1 mile apart, and each company was claiming the right to construct the line between Ogden and Promontory Summit on its own separate surveyed and graded line. A compromise was finally effected by the companies, and the same was approved by Congress in the joint resolution of April 10, 1869 (16 Stat., 56), which provided that—

The common terminus of the Union Pacific and the Central Pacific railroads shall be at or near Ogden; and the Union Pacific Railroad Company shall build, and the Central Pacific Railroad Company shall pay for and own, the railroad from the terminus aforesaid to Promontory Summit, at which point the rails shall meet and connect and form one continuous line.

By the subsequent act of May 6, 1870 (16 Stat., 121), passed after the connection had been made, the point of junction of the two roads was fixed at a particular point about 5 miles northwest of the station at Ogden. Afterwards the Central Pacific leased those 5 miles of road of the Union Pacific, and Ogden thus became, for all practical purposes, the terminus of the two great lines of railway.

The actual connection between the roads was established at Promontory Summit on May 10, 1869. On that day the rails met and the last spike, which was of gold from California, was driven by President Stanford, of the Central Pacific, and Vice-President Durant, of the Union Pacific. The occasion was marked by demonstrations of great joy on the part of the assembled on-lookers in the desert, and was celebrated with much pomp and ceremony in the great cities East and West. The Pacific Railroad had become a fact. American energy and perseverance, backed by a substantial aid from the Government, had accomplished one of the most stupendous works of modern times.

Congress, however, appears to have had some doubts as to whether the roads had been completed in accordance with the provisions of the charter. Accordingly, the same joint resolution of April 10, 1869, that fixed the terminus of the two lines of railway "at or near Ogden," provided:

That to ascertain the condition of the Union Pacific Railroad and the Central Pacific Railroad, the President of the United States is authorized to appoint a board of eminent citizens, not exceeding five in number, and who shall not be interested in

either road, to examine and report on the condition of, and what sum or sums, if any, will be required to complete each of said roads, for the entire length thereof as a first-class railroad, in compliance with the several acts relating to said roads.

The resolution further provided that the President should be authorized and required to withhold from each of said companies a sufficient amount of the subsidy bonds to secure the full completion of all sections of the roads as first-class railroads, or, in lieu thereof, an equal amount of the companies' first-mortgage bonds. And if the amount of subsidy bonds yet to be issued should be insufficient to secure the full completion of the roads, the President was authorized to make requisition upon the companies for a sufficient amount of either the subsidy bonds or the first-mortgage bonds, to secure the full completion of the same. In default of obtaining such security, the President was authorized to direct the Attorney-General to institute proceedings, in behalf of the United States, in any court of the United States having jurisdiction, to compel the giving of such security, or to otherwise protect the interests of the United States in the premises, so as to insure the completion of the road as a first-class railroad, in all respects, as required by law.

The resolution also authorized and directed the Attorney-General to investigate whether or not the charter and franchises of both the Union and Central Pacific Railroad Companies had not been forfeited, whether or not said companies had made any illegal dividends upon their stock, and whether any of the directors or any other agents or employes of the company had violated any penal law. And the Attorney-General was required to institute and prosecute such suits in the name of, and for the interests of, the United States as the results of the investigation thus ordered would warrant.

In accordance with this resolution, the Secretary of the Treasury withheld \$1,000,000 of bonds claimed to be due the companies and exacted additional securities for the completion of the roads according to law; and the Secretary of the Interior issued no more patents for the land grant until the board should make their report.

This board made a report to the Secretary of the Interior in October, 1869, that, in their opinion, the roads were, in most respects, substantially such as required by law, and that to complete them, in all respects, as contemplated by the acts of Congress, would require an expenditure on the part of the Union Pacific of \$1,585,100.

In November, 1869, the Secretary of the Treasury released to the companies the bonds that had been withheld from them and the other collateral security deposited by them, the companies undertaking to comply with the requirements of the board of commissioners. The Secretary of the Interior, however, refused to issue patents to the companies for but one-half of the amount of their land grant until after the report of another commission appointed by that officer in 1874, should be made. That commission having reported the roads completed, the inhibition against the issue of patents to the companies was withdrawn. The last section of the road was accepted by the President November 6, 1869, and on July 14, 1870, the Union Pacific received the last installment of subsidy bonds.

The Kansas Pacific was completed from Kansas City to Denver September 1, 1870; and the Denver Pacific, connecting the Kansas Pacific with the Union Pacific, was completed and opened January 1, 1871.

It is not the purpose of your committee at this time to present in any detailed form the actual history of the construction of these roads which now go under the name of the Union Pacific Railway. That matter was thoroughly investigated by several committees of the lower

House in the third session of the Forty-second Congress, known as the Poland committee and the Wilson committee, from their respective chairmen, and their reports, which are quite exhaustive and voluminous, cover all the ground and are found in printed form as reports Nos. 77 and 78, third session, Forty-second Congress. These reports, with others, together with the voluminous testimony taken at the time, are bound in one large octavo volume entitled "Reports of Committees, Credit Mobilier Reports, third session, Forty-second Congress, 1872-'73." Moreover, the commission appointed under the act of March 3, 1887, to investigate "the books, accounts, and methods of railroads which have received aid from the United States, and for other purposes," made an examination of these same matters and filed and submitted their report, which is to be found in Ex. Doc. 51, Fiftieth Congress, first session.

These reports being easily accessible, it is unnecessary to repeat here what is contained in them. It will be sufficient, perhaps, to say that they all agree in declaring that, in the construction of the Union Pacific road, great profits were realized, which, through the intervention of the famous construction company, known as the "Credit Mobilier of America," were secured to the officers and promoters of the Union Pacific Railroad itself, the determination of the amount of those profits being left to the votes of the beneficiaries thereof. In round numbers, it was found that the cost of constructing the main line from Omaha to Ogden was about fifty and one-half millions of dollars, while the cost to the road was over ninety-four and one half millions of dollars, leaving a profit to the contractors, who were also the officers, directors, and promoters of the road, of about \$44,000,000.

The report of the Wilson committee on this and other transactions of the officers and directors of the company at that time, after referring to the objects and purposes of the legislation of 1862 and 1864, which were stated very tersely by the committee to be substantially as the Supreme Court afterward declared in the Interest Case, above cited, uses this strong language:

Congress relied for the performance of these great trusts by the corporators upon their sense of public duty; upon the fact that they were to deal with and protect a large capital of their own which they were to pay in in money; upon the presence of five directors appointed by the President especially to represent the public interests who were to own no stock, one of whom should be a member of every committee, standing or special; upon commissioners to be appointed by the President, who should examine and report upon the work as it progressed; in certain cases upon the certificate of the chief engineer, to be made upon his professional honor; and lastly, upon the reserved power to add to, alter, amend or repeal the act.

Your committee find themselves constrained to report that the moneys borrowed by the corporation, under a power given them, only to meet the necessities of the construction and endowment of the road have been distributed in dividends among the corporators; that the stock was issued, not to men who paid for it at par in money, but who paid for it at not more than 30 cents on the dollar in road-making; that of the Government directors some of them have neglected their duties and others have been interested in the transactions by which the provisions of the organic law have been evaded; that at least one of the commissioners appointed by the President has been directly bribed to betray his trust by the gift of \$25,000; that the chief engineer of the road was largely interested in the contracts for its construction; and that there has been an attempt to prevent the exercise of the reserved power in Congress by inducing influential members of Congress to become interested in the profits of the transaction. So that of the safeguards above enumerated none seems to be left but the sense of public duty of the corporators.

The result of the investigations by the Poland and Wilson committee was, that in the legislative appropriation bill passed March 3, 1873, (17 Stat., 508,) a section was added directing the Attorney-General to bring suit in equity—

In the name of the United States against the Union Pacific Railroad Company, and against all persons who may, in their own names or through any agents, have subscribed for or received capital stock in said road, which stock has not been paid for in full in money, or who may have received, as dividends or otherwise, portions of the capital stock of said road, or the proceeds or avails thereof, or other property of said road, unlawfully and contrary to equity, or who may have received as profits or proceeds of contracts for construction or equipments of said road, or other contracts therewith, moneys or other property which ought, in equity, to belong to said railroad corporation, or who may, under pretense of having complied with the acts to which this is an addition, have wrongfully and unlawfully received from the United States bonds, moneys, or lands which ought, in equity, to be accounted for and paid to said railroad company or to the United States, and to compel payment for said stock, and the collection and payment of such moneys, and the restoration of such property, or its value, either to said railroad corporation or to the United States, whichever shall, in equity, be held entitled thereto.

Said suit may be brought in the circuit court in any circuit; and all said parties may be made defendants in one suit. Decrees may be entered and enforced against any one or more parties defendant without awaiting the final determination of the cause against other parties. The court where said cause is pending may make such orders and decrees and issue such process as it shall deem necessary to bring in new parties or the representatives of parties deceased, or to carry into effect the purposes of this act. On filing the bill, writs of subpoena may be issued by said court against any parties defendant, which writ shall run into any district, and shall be served, as other like process, by the marshal of such district.

The books, records, correspondence, and all other documents of the Union Pacific Railroad Company shall at all times be open to inspection by the Secretary of the Treasury, or such persons as he may delegate for that purpose. The laws of the United States providing for proceedings in bankruptcy shall not be held to apply to said corporation. No dividend shall hereafter be made by said company but from the actual net earnings thereof; and no new stock shall be issued, or mortgages or pledges made on the property or future earnings of the company, without leave of Congress, except for the purpose of funding and securing debt now existing, or the renewal thereof. No director or officer of said road shall hereafter be interested, directly or indirectly, in any contract therewith, except for his lawful compensation as such officer. Any director or officer who shall pay or declare, or aid in paying or declaring, any dividend, or creating any mortgage or pledge prohibited by this act, shall be punished by imprisonment not exceeding two years and by fine not exceeding five thousand dollars. The proper circuit court of the United States shall have jurisdiction to hear and determine all cases of mandamus to compel said Union Pacific Railroad Company to operate its road as required by law.

Under this statute the Attorney-General brought a suit in equity, in the U. S. circuit court for the district of Connecticut, against the Union Pacific Railroad Company and 169 other defendants, who were averred to have been instrumental in defrauding the company and violating the trusts imposed by the legislation of 1862 and 1864, to recover, for the benefit of the company or of the United States, the money or other property that had been fraudulently obtained.

A demurrer to this bill was sustained on the ground, mainly, that the United States had no right of action in the premises; that the wrongs complained of were against the corporation and its stockholders and not wrongs against the United States; and that redress for alleged fraudulent acts on the part of the directors and managers of the Union Pacific Railroad Company, in breach of their duty to the shareholders, could only be obtained in a suit brought by the corporation, or, if it refused to sue, by a shareholder, and not in a suit by the United States. It was further held that the grant to the company of the land and bond subsidies was not in the nature of a trust, but was absolute without precedent conditions. The opinion was delivered by Mr. Justice Hunt, and was quite elaborate and exhaustive. It is reported as *The United States v. The Union Pacific Railroad Company*, 11 Blatch., 385. In discussing the right of the United States to bring the suit, as directed by the act of Congress above set out, the court said:

Is there a right of action in the United States for the causes thus specified, or can a right to recover for such cause of action be given to the United States by an act of

Congress! Congress may well authorize its Attorney-General to institute suits to recover damages due to the United States, or to redress wrongs which are legally wrongs to the United States, but its action can scarcely create such damages, or cause acts to be wrongs to the United States which, are in their nature, wrongs to another. The United States can not convert to itself the property of another, by its own declaration or its own authority, nor can it maintain an action in its own name against A, to recover a debt which he may owe to B. * * * So, if an individual has committed a breach of trust or been guilty of fraud in discharging his duties as an agent of the Union Pacific Railroad Company, the cause of action to redress such wrong and to recover such damages therefor, and the damages themselves, when recovered, belong to the corporation. The suit for such redress must be in the name of the corporation, as plaintiff. As a general rule and under ordinary circumstances no other party can be such plaintiff, and an authority by Congress to the Attorney-General to commence such action in the name of the United States, is valueless. * * *

This principle applies to all the causes of action specified in the act of 1873, except to a portion of the fourth (which was "against persons who have wrongfully and unlawfully received from the United States bonds, moneys, or lands which ought to be accounted for and paid to the United States," and which was not embraced in the bill and was conceded not to exist against anyone). Thus, if any person has subscribed for capital stock or received capital stock or shares in the Union Pacific Railroad Company which have not been paid for, the action to recover the money payable by the terms of the subscription must be in the name of the corporation. The contract was made with the corporation, as an existing person. The money, if due at all, is, in terms, payable to the corporation as such. In law it must be recovered by the corporation, to be applied by it to the legal necessities of the railroad company. In substance and in form the money must go through and to the corporation, and no creditor, legal or equitable, can maintain an action for its recovery. In certain cases, if the corporation refuses to do its duty, such action may be maintained by the shareholders of the corporation, the corporation being made a party defendant. There may also be a case in which a judgment creditor can maintain an action against his judgment debtor and his creditor to collect his debt after his legal remedies are exhausted. * * * That, however, is not the present case. The debt of the United States has not yet matured. Its bonds, issued to the railroad company, have not become payable, and their payment, when they mature, is secured by a specific lien upon the road and its franchises. It is not a case for a creditor's bill.

And then, after reviewing the charges made in the bill against the Credit Mobilier Company, Oakes Ames, and others, in the matter of the construction contracts, that the cost of the railroad was less than one-half the sum represented by the stock and other outstanding liabilities of the company; that much of the stock and bonds of the company were issued not in the interest of the company, but by the managers unlawfully to enrich themselves; and various other charges of fraud and corruption on the part of the directors and managers of the road, the court said:

Upon the principles and authorities already expressed, the right of recovery for wrongs of this character is in the railroad corporation. Large amounts of money are involved which belong to the corporation and not to the United States; neither the damages nor the right of action belong to the United States. * * * The United States possesses no power to sue for and recover this debt due to the Pacific corporation, and can give none to its Attorney-General.

With respect to the question of an implied trust arising out of the granting acts, to be administered by the corporation so as to carry out the objects and purposes of those acts, as expressed both in their title and in the body of them, the court, after setting out at length the paragraph of the bill making that averment, went on to say:

In the sense that all men are bound to deal honestly and act justly in the discharge of their duties, and that whoever receives benefits or advantages from the public, which are expected or intended to produce an advantage to some portion of the people of the country, assumes a trust to effect that advantage, the plaintiff's claim is true. It is not, however, accurate in a legal sense, to say of a bank incorporated for banking purposes, or of an insurance company, or of any similar institution, that it is a trustee of the Government to effect the desired result, or that its property is impressed with a trust for that purpose, which may be enforced in the courts. Such

corporation is chartered for private benefit as well as for public advantage, and is legally bound to administer its affairs for the public advantage only to the extent that it does not violate the provisions of its charter or the law of the land. With this limitation, such corporations are authorized to manage their own affairs for their own benefit, and such is the understanding of the Government which grants a charter, and of the individual who accepts it. If, in this respect, a corporation should fail in its duty, the remedy is not by an attempt to enforce its supposed duties to the public as a trust, but to punish its illegal acts by a forfeiture of its charter.

Not only is no trust expressed, but the idea thereof is excluded by taking a mortgage upon the road, the telegraph, its property, franchises, and all its granted lands remaining unsold. The Government does not rely upon the security of an uncertain and undefined trust, but takes an express mortgage, where it intends to secure to itself the performance of conditions by the company. * * * These affirmative guards and securities furnish strong evidence that Congress did not intend to rely upon a condition or an implied trust, to secure its rights. Whatever trust, guaranty, or protection it desired was reserved in express terms. * * * The expressions, which it is claimed established a trust, were used that the act might show on its face that the bounty of Congress was bestowed for a constitutional purpose.

It is apparent to the most superficial reader of the statutes, that the great object of Congress was to bestow advantages, and from time to time to increase gratuities to a corporation which should undertake the completion of a railroad to the Pacific. Conditions, restraints, or trusts were but little thought of. * * * This railroad company is not a charitable corporation, nor were the grants for a charitable use. The grants of land and the issuing of bonds are to be considered as gifts, gratuities, voluntary contributions to aid in the construction of works which it was supposed would develop the resources of the country, advance its civilization and improvement, and upon which the mails and munitions of war could be transported. When given and accepted, the power of the donor is at an end, and the absolute ownership is in the corporations. The position of the Government is that of a donor and not that of a creditor or a *cestui que trust*, except where such position is directly specified. Voluntary conveyance creates no presumption of a trust. The rights of the Government are those which are expressly reserved, and do not arise from an implied trust.

From the decree sustaining the demurrer and dismissing the bill, the United States prosecuted an appeal to the Supreme Court, where the decree below was affirmed in every particular. *United States v. Union Pacific Railroad Company* (98 U. S., 569). It is unnecessary to quote from the decision of the Supreme Court in this case. Really nothing was added to what had already been said by the circuit court. The language was not the same, but the effect of it was identical. It effectually disposed of all claim that the United States asserted, or could assert, under the statute of 1873, and was an inglorious ending of the Credit Mobilier investigation, from which so much had been anticipated. It clearly indicated, however, that if the frauds that were charged in the bill had actually been committed by those in charge of the Union Pacific Railroad, the United States might proceed to a forfeiture of the charter of the company, and, through the medium of a receiver, proceed to close out the affairs of the corporation. That, however, was a proposition of law that would hardly have been disputed even without the authority of the Supreme Court in its support.

No proceedings looking to the forfeiture of the company's charter have ever been inaugurated in any department of the Government, the United States apparently preferring that the company operate its line of road under its charter, and being satisfied, so far, to try and make provision for a sinking-fund sufficient to wipe out the debt of the Government when it matures, provisions for which have been signal failures, however.

The most important enactment in this line was the statute of May 7, 1878 (20 Stat., 56), commonly known as the Thurman Act. This statute, which applied only to the Central Pacific and the original Union Pacific roads, grew out of the following conditions and circumstances: At the time of the passage of the Pacific Railroad acts of 1862

and 1864, especially when the latter act was passed, it was believed in Congress that the amount which would be realized from the 5 per centum of net earnings and the one-half of the compensation for services rendered for the Government would be amply sufficient as a sinking fund to wipe out the entire Government debt at its maturity. It did not take long after the completion of the road, however, to demonstrate that that expectation would not be realized. The decision of the Supreme Court in 1875 in *United States v. Union Pacific* (91 U. S., 72), commonly called the "Interest Case," in which it was held that the company could not be compelled to reimburse the United States for current interest paid on the subsidy bonds until the maturity of the bonds, intensified the situation, and it became a serious question in Congress as to what proceedings should be taken to provide a sinking-fund sufficient to wipe out the Government debt at its maturity, it being thoroughly understood by that time that existing provisions of law were wholly inadequate for that purpose.

The result of the consideration given that subject in Congress was the Thurman Act, which provided, among other things, not essential to the present inquiry, that the entire compensation for Government services should be retained and covered into the Treasury of the United States—one half to the credit of the account for the reimbursement of interest and one half to the credit of a sinking-fund, created by the third section of the act, for the liquidation of the amount which might be due the Government at the maturity of the subsidy bonds. This sinking-fund for the Union Pacific was to be made up of the amount just mentioned and such annual sum, not exceeding \$850,000, as, added to the whole compensation for Government services and the 5 per cent of net earnings, would together equal 25 per cent of net earnings of the company, and was to be invested by the Secretary of the Treasury in U. S. Government bonds, preferably 5 per cent bonds, and the income was to be semi-annually invested in the same securities.

It was confidently believed by the authors and promoters of the Thurman Act in Congress that the provisions contained therein, to which we have referred, would solve the whole problem of the Pacific Railway debt. It was predicted with great assurance that the amount annually paid into the sinking-fund, accumulating at compound interest at the rate of 5 per cent semi-annually, would be amply sufficient at the maturity of the Government debt to pay it all off at that time; but, like many other apparently well-laid plans, it has been a practical failure, as will be presently shown.

The companies resisted the Thurman Act on the ground of its unconstitutionality, it being claimed that it impaired the contract relations between the United States and the roads, was not due process of law, and destroyed vested rights which had grown out of the legislation of 1862 and 1864. At October term, 1878, the question came before the Supreme Court in the *Sinking-Fund Cases* (99 U. S., 700), and was disposed of adversely to the contention of the railroad companies. A majority of the court united in pronouncing the act constitutional, three of the justices dissenting. In delivering the opinion of the court Mr. Chief Justice Waite, after an exhaustive examination and consideration of the various questions presented, said:

It is sufficient now to say that we think the legislation complained of may be sustained on the ground that it is a reasonable regulation of the administration of the affairs of the corporation and promotive of the interests of the public and the corporators. It takes nothing from the corporation or the stockholders which actually belongs to them. It oppresses no one and inflicts no wrong. It simply gives further assurance of the continued solvency and prosperity of a corporation in which

the public are so largely interested and adds another guaranty to the permanent and lasting value of its vast amount of securities. The legislation is also warranted, under the authority by way of amendment, to change or modify the rights, privileges, and immunities granted by the charter. (99 U. S., 726.)

As above stated, the Thurman Act has failed as a means of discharging the Government debt at its maturity. Several causes have contributed to this result. In the first place, the net earnings of the company, under the decision of the Supreme Court in the "Net Earnings Cases," *Union Pacific Railroad Company v. United States* (99 U. S., 402), in which it was held that, in ascertaining what are net earnings, expenditures for new construction and new equipment should be deducted from the gross earnings of the road, are very much less than was contemplated by the Thurman Act, since the Union Pacific Company adopted the policy of constructing branch lines of road and deducted such expenditure from its gross earnings. Secondly, the Secretary of the Treasury, having been restricted by the act to investing the sinking-fund in United States bonds of a certain kind, has been unable to obtain those bonds in the market, except at a considerable premium, sometimes as high as 35 per cent. The result has been that a large sum of money belonging to the railroad company has often lain in the Treasury for a considerable time uninvested; and, even when invested at the high premium, the income has been very much less than 5 per cent semi-annually, as the authors of the act anticipated, being not to exceed 3 per cent. Moreover, the rates of fare and prices for transporting freight have decreased, by reason of sharp competition with other roads and other causes, and the amount realized from those sources has been much smaller than was anticipated. So that, as a matter of fact, the sum at present in the sinking fund, after accounting for accrued interest and the investments made, is but little in excess of what it would have been had it lain idle in the Treasury and never been invested at all; and it will largely fall short of meeting the objects and purposes of the act of 1878. The Thurman Act was amended by the fifth section of the Act of March 3, 1887 (24 Stat., 488), so as to give the Secretary of the Treasury a broader discretion in the matter of investing the sinking-fund. That section is as follows:

SEC. 5. That the sinking-funds which are or may be held in the Treasury for the security of the indebtedness of either or all of said railroad companies may, in addition to the investments now authorized by law, be invested in any bonds of the United States heretofore issued for the benefit of either or all of said companies, or in any of the first-mortgage bonds of either of said companies which have been issued under the authority of any law of the United States and secured by mortgages of their roads and franchises, which by any law of the United States have been made prior and paramount to the mortgage, lien, or other security of the United States in respect of its advances to either of said companies as provided by law.

II. ROADS COMPOSING THE UNION PACIFIC SYSTEM.

According to the Fourteenth Annual Report of the directors of the Union Pacific Railway Company for the year ending December 31, 1893—

The Union Pacific system is composed of the roads of the Union Pacific Railway Company (1,822.59 miles) and of various auxiliary companies (6,344.08 miles). The system, 8,166.67 miles, comprised, at the end of December, the roads of the following companies:

	Miles.
Union Pacific Railway	1,822.59
Brighton and Boulder Branch.....	26.97
Carbon Cut-Off Railway.....	19.08
Denver, Leadville and Gunnison Railway	324.70
Echo and Park City Railway.....	30.19

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	Miles.
Junction City and Fort Kearney Railway.....	88.00
Kansas Central Railroad.....	165.35
Laramie, North Park and Pacific Railroad.....	13.36
Omaha and Republican Valley Railway.....	482.04
Oregon Short Line and Utah Northern Railway.....	1,424.82
Oregon Railway and Navigation Rail Lines.....	1,059.35
St. Joseph and Grand Island Railroad.....	251.06
Kansas City and Omaha Railroad.....	193.68
Salina and Southwestern Railway.....	35.47
Solomon Railroad.....	57.04
Union Pacific, Denver and Gulf Railway.....	1,002.59
Fort Worth and Denver City Railway.....	469.15
Union Pacific, Lincoln and Colorado Railway.....	225.35
	<hr/>
	7,690.77
Central Branch Union Pacific Railroad, including its leased lines.....	388.19
Montana Union Railway.....	72.23
Manhattan, Alma and Burlingame Railway.....	56.62
Leavenworth, Topeka and Southwestern Railway.....	46.57
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The Union Pacific's one-half interest in.....	175.42=
	87.71
	<hr/>
	475.90
Total actual mileage operated.....	8,166.67

All of the above-named lines, up to the dates of the receiverships hereinafter referred to, were operated by or reported to organizations located at Omaha, Nebr., excepting the Central Branch Union Pacific Railroad, operated under a lease by the Missouri Pacific Railway Company, from St. Louis, Mo.; the Montana Union Railway, operated independently under a lease through an organization located at Butte, Mont.; and the Manhattan, Alma and Burlingame Railway, operated independently in connection with the Atchison, Topeka and Santa Fé Railroad through an organization located at Topeka, Kans.

The properties of each of these various companies, excepting only the Montana Union, the Manhattan, Alma and Burlingame, and the Leavenworth, Topeka and Southwestern Railway companies, were placed in the hands of receivers in the month of October, 1893.

A. MAIN LINES, OR LINES OWNED AND OPERATED.

The Union Pacific Railway Company was formed January 24, 1880, by the consolidation of the Union Pacific Railroad Company, the Kansas Pacific Railway Company, and the Denver Pacific Railway and Telegraph Company. The mileage of this company, on June 30, 1893, as shown by the report of the Commissioner of Railroads for the year 1893, was as follows:

	Miles.
Main line:	
Council Bluffs, Iowa, to Ogden, Utah.....	1,033.46
Kansas City, Mo., to Denver, Colo.....	639.52
Denver, Colo., to Cheyenne, Wyo.....	104.10
Branch lines:	
Leavenworth to Lawrence, Kans.....	31.93
Council Bluffs, Iowa (Broadway), to junction with main line...	1.72
Omaha, Nebr. (Bridge Junction), to old initial point.....	3.95
Alamy Junction, Wyo., to Mine No. 7.....	3.88
Armstrong to Wyandotte, Kans.....	2.08
Detroit to Enterprise, Kans.....	1.95
	<hr/>
	45.51
Total owned.....	1,822.59

The subsidized portions of this system, in aid of which bonds were issued, and which are subject to the requirements of law with respect to an annual payment of a percentage of net earnings into the Treasury of the United States, for sinking fund purposes, are as follows:

Union Pacific.—Bridge Junction, Omaha, to Ogden, Utah, 1,029.4840

miles; 5 miles of road from Ogden west to junction with the Central Pacific Railroad (leased to Central Pacific Railroad Company); total, 1,034.4840 miles.

Kansas Pacific.—A point about one-half mile west of the station at Kansas City, Mo., to a point near Boaz, Kans., 393.9375 miles. Total length of subsidized lines, 1,428.4265 miles.

The bond subsidy on the Union Pacific was at the rate of \$16,000 per mile from Omaha to the base of the Rocky Mountains; \$48,000 per mile for 150 miles over the mountains; and \$32,000 per mile from there to the junction with the Central Pacific. The total issue of bonds for the Union Pacific Railroad was \$27,236,512.

It will be remembered that the original act of 1862 contemplated that the Leavenworth, Pawnee and Western Railroad, which is now the Kansas Division of the Union Pacific Railway, should connect with the main line of the Union Pacific Railroad at the initial point on the one hundredth meridian. In order to comply with these requirements, the line would have had to be constructed on a line following substantially the Republican River Valley, and bending northwardly from Fort Riley. As already stated the act of 1864 gave to any company authorized to construct its road from the Missouri River to the initial point on the one hundredth meridian the right to connect its line with the main line of the Union Pacific Railroad "at any point westwardly of such initial point," with the proviso that it should receive no greater bond subsidy than it would have received had it constructed its line as originally contemplated by the act of 1862. What is now the Kansas Pacific line thereupon headed for Denver. By the subsequent act of July 3, 1866, the road was authorized to change its general route, and its connection with the Union Pacific was required to be made at a point not more than 50 miles westwardly from the meridian of Denver; and by the act of March 3, 1869, it was provided that Cheyenne, in Wyoming, should be the point of junction of the two roads, and that the line from Denver to Cheyenne should be constructed by the Denver Pacific Railway and Telegraph Company, a Colorado corporation, it receiving the aid granted originally to the Kansas Pacific Company, but neither company to receive any bond subsidy in aid of the construction of the road.

The result of all this legislation was that the Kansas Pacific Railway Company received a bond subsidy for only so much of its line of road as was equivalent to the line originally contemplated by the act of 1862, to wit, from Kansas City to the initial point on the one hundredth meridian. That distance was 393.9375 miles. The subsidy was at the rate of \$16,000 per mile, or \$6,303,000 in all. The Denver Pacific received no bond subsidy at all.

The history of the consolidation of these three roads into the present Union Pacific Railway, on January 24, 1880, is an interesting one in many respects from a financial standpoint, and is related at some length in the majority report of the commission appointed under the act of March 3, 1887, heretofore referred to, from page 53 to page 65. The details of the transaction need not be referred to here. It is sufficient, in a general way, to say that the consolidation was not sought by the Union Pacific people, but was brought about by the owners of the stock of the Kansas Pacific and Denver Pacific companies, who had purchased it at very low figures during the period of the insolvency of the Kansas Pacific Company, from 1873 to 1879, and who by the purchase of the Missouri Pacific road from St. Louis to Kansas City, and who threatened to build a road from Denver through the Loveland Pass to Salt Lake City and thence to a connection with the Central Pacific

road, thus making a through line from St. Louis and various points on the Missouri River to the Pacific Ocean, which would parallel the Union Pacific road, and, it was generally believed, would thus practically ruin it. The terms of consolidation were substantially that the Kansas and Denver Pacific stocks, which were worth at that time very much less than the stock of the Union Pacific, should be accepted as the equal of the Union Pacific stock, dollar for dollar, and should be exchanged for stock in the consolidated company on the same terms and conditions and at the same price as the Union Pacific stock; and at the same time the consolidated company was to take other properties which had been purchased in Kansas and Missouri as a part of this transcontinental scheme at the same price that had been paid for them, which was admittedly more than those properties were worth.

In one respect, however, the consolidation was beneficial to all the properties concerned. They were operated more economically and with less friction from competition than before the consolidation. In fact, the weight of the evidence taken by the commission of 1887 favors the conclusion that the consolidation was favorable to all the roads. It can hardly be ascertained, however, whether such a conclusion is justifiable. In the language of the commission—

It is difficult, if not impossible, to compare the result as it is with the result as it would have been if the consolidation had not taken place. * * * If we test the consolidation by the assets of the respective roads, or their respective earning powers, the terms imposed on the Union Pacific Railway Company do not appear to be such as would have been reached by a fair arbitration.

After the consolidation, the policy of constructing branch lines as feeders to the main line, which had commenced in 1877 and had been in operation in 1878 and 1879, received rapid development. But of that we shall treat more specifically in a subsequent part of this report.

Your committee do not deem it necessary to give a detailed history of the financial transactions of the Union Pacific Railway Company from the consolidation in 1880 down to the present time. The financial history of this company, for that portion of this period up to near the close of the year 1887, is related at some length in the report of the commission of 1887, and need not be repeated here. It will be sufficient for present purposes, perhaps, to give the present status of the financial affairs of this company, together with the earnings of the roads for recent years, and other matters relating to its financial condition.

PRESENT FINANCIAL STATUS OF THE UNION PACIFIC RAILWAY COMPANY.

The general business depression of the past few years affected with great severity the business of the States and Territories traversed by the Union Pacific Railway Company's lines, and eventually brought about a receivership for the entire system. The last annual report of the directors, above referred to, after making a comparative statement of the earnings and expenses of the system for the years 1893 and 1892, proceeds as follows, with reference to the appointment of receivers, and the reasons which brought about the receivership:

From the preceding statement it will be observed that there were no marked fluctuations in the earnings of your system prior to the month of June.

Your directors have deemed it best to refer particularly to these figures to the end that the shareholders may be apprized of the influences which in great part determined the action of certain of the larger shareholders in invoking the protection of the court and in asking for the appointment of receivers. On September 1, 1893, an issue of \$5,162,000 in sinking-fund mortgage 8 per cent bonds of the Union Pacific

Railroad Company became due. Though, as has already been pointed out, the returns then being received from the road were of the most unsatisfactory character, your directors, owing to the excellent character of the security available for this purpose, were able to arrange for an extension of the bonds so that the payment of the principal was postponed until 1899. A copy of the extension agreement is annexed to this report. Having provided for this debt your directors faced the future with renewed confidence, trusting that the predictions then so freely made with reference to a restoration of trade would be presently fulfilled. Almost immediately, however, an event fraught with the most serious possibilities occurred in the sudden death of Mr. Frederick L. Ames, for many years one of your most prominent and efficient directors. Meanwhile, the gross earnings, instead of showing an increase, as had been the confident hope of your directors, continued to show alarming decreases, and the friends of the company became convinced that a receivership was inevitable. Accordingly, in the month of October, after having carefully considered the matter, certain friends of the corporation applied to the U. S. circuit court for the district of Nebraska and secured the appointment of receivers. Under the order then entered, Messrs. S. H. H. Clark, Oliver W. Mink, and E. Ellery Anderson were appointed the receivers of the property of the Union Pacific Railway Company and of the properties of all or nearly all of the auxiliary companies. Subsequently, on November 13, 1893, on the petition of the honorable the Attorney-General of the United States, Messrs. John W. Doane and Frederic R. Condit were appointed additional receivers for such properties.

Prior to the appointment of the receivers as aforesaid, a suit had been instituted by John Evans, a shareholder in the Union Pacific, Denver and Gulf Railway Company, against that company, the Union Pacific Railway Company, and others, which suit was then pending in the U. S. circuit court for the district of Colorado, and under which, among other things, he asked for the appointment of a receiver or receivers for the Union Pacific, Denver and Gulf Railway. This suit was so far advanced on the 11th of December, 1893, that an order was then entered in that court by the terms of which Frank Trumbull, esq., of Denver, Colo., was appointed the receiver for that railway line. Mr. Trumbull qualified on the 18th day of December and thereupon the property of that company, which had theretofore been held by Messrs. S. H. H. Clark and his associate receivers, was surrendered to Mr. Trumbull as the successor receiver.

On October 24, 1893, the property of the Fort Worth and Denver City Railway Company, which has generally been looked upon as a part of the Union Pacific, Denver and Gulf Railway system, was, in view of an impending default, under an order entered in the State of Texas, placed in the hands of Messrs. Morgan Jones and John D. Moore, of Fort Worth, Tex., as receivers.

The Government debt of the consolidated Union Pacific Railway Company consists of the principal of the bonds loaned to the company, together with the interest thereon, which the Government has paid from the time when the bonds were delivered. This interest was at the rate of 6 per cent, payable semiannually, and the bonds being thirty year bonds, the interest paid and to be paid by the Government until the maturity of the debt will amount to a sum much greater than the principal. There will be due the United States when the debt matures nearly thirty years' interest at 6 per cent, payable semiannually. The interest was paid by the Government only from the date of the delivery of the bonds, and not from their date of issue; and the delivery being sometime subsequent to the date the bonds were issued, the interest payments do not cover quite thirty years. The principal of the Government debt is, as above stated, \$27,236,512 for the main line Union Pacific, and \$6,303,000 for the Kansas Pacific; total, \$33,539,512. These bonds fall due commencing November 1, 1895, and ending January 1, 1899. The following table shows the amounts due, respectively, on those and intervening dates:

November 1, 1895	\$640,000
January 1, 1896	1,440,000
February 1, 1896	4,320,000
January 1, 1897	6,640,000
January 1, 1898	17,342,512
January 1, 1899	3,157,000
Total.....	\$3,539,512

As shown by the last annual report of the honorable Commissioner of Railroads for the year ended June 30, 1893, the interest paid on these subsidy bonds by the United States amounted, up to that date, to \$51,210,890.70. The annual interest charge is \$2,012,370.72. So that the interest paid by the United States up to the close of the fiscal year ending June 30, 1894, is \$53,223,261.42. This sum added to the principal of the bonds makes \$86,762,773.42.

Against this vast sum of indebtedness, the company is entitled to credit for transportation services, cash, and payments made to the sinking fund under the Thurman Act, amounting to \$32,834,323.72 at the close of the fiscal year ended June 30, 1893, as shown by the same report of the honorable Commissioner of Railroads. The payments into the sinking fund and the transportation charges, etc., by the company amount to about \$1,300,000 annually. So that at the close of the fiscal year, June 30, 1894, the company ought to have a credit for a little over \$34,000,000, leaving as an approximate indebtedness on June 30, 1894, about \$52,500,000. This amount, however, will not be due at that time, the interest not falling due on any of the bonds until the principal of them matures, and, consequently, in order to ascertain the present worth of this indebtedness on June 30, 1894, it will be necessary to discount the amount due at the maturity of the bonds, at an agreed rate of interest for the period to elapse between June 30, 1894, and the maturity of the bonds. This amount, it has been calculated, would be, on June 30, 1894, discounted at 2 per cent per annum, something over \$55,250,000.

In addition to the Government debt the company had, on December 31, 1893, a funded debt of \$91,016,735, as shown by the last annual report of the directors. The following table shows, in a condensed form, the character of this funded debt, when due, rate of interest, and on what property it is a lien:

Funded debt, December 31, 1893.

Description.	Term of bond.		Rate of interest.	December 31, 1893.			Lien on—
	Years.	Date of maturity.		Issued and outstanding.	Owned by the company and held by trustees.	Amount.	
UNION PACIFIC RAILROAD COMPANY.							
First mortgage bonds	30	1896-1900	6	\$27,225,000	.....	\$27,225,000	Road and franchise, Omaha to Ogden.
Land grant bonds	20	1897-1900	7	27,000	.....	7,000	Granted lands.
Sinking fund coupon bonds	20	1893	6	5,000,000	.....	5,000,000	Road and franchise, Omaha to Ogden, third mort-
Sinking fund registered bonds	20	1893	8	275,000	.....	275,000	gage, granted lands, second mortgage.
Omaha bridge bonds	25	1880	8	500,000	\$41,000	459,000	Omaha bridge, first mortgage.
Collateral trust 6 per cent bonds	20	1902	6	3,872,000	.....	3,872,000	Bonds of branch lines held by trustees.
KANSAS PACIFIC RAILWAY CO.							
Eastern division bonds	30	1900	6	2,240,000	.....	2,240,000	Road and income, Kansas City to point 140 miles west.
Midvale division bonds	30	1906	6	4,000,000	.....	4,000,000	Road and income, 140th mile post to 394th mile post.
Denver extension bonds	30	1906	6	5,991,000	.....	5,927,800	Road and lands, 394th mile post to Denver.
Lawrence branch bonds	30	1906	7	500,000	\$500,000	10,000	Lawrence branch.
Consolidated mortgage bonds	40	1910	6	11,724,000	\$1,000	11,723,000	Banker mortgage, 779 miles of road and 704 miles of land grant.
Income bonds	20	1910	7	250,000	\$250,800	800	Income.
Income bonds (subordinated)	20	1910	7	4,011,650	4,011,100	550	Income.
Cherokee branch bonds	20	1900	7	915,000	\$971,000	56,000	Cherokee branch, road and lands.
Denver extension coupon certificates	12	1893	6	500	.....	500	Income.

a These bonds were due Apr. 1, 1891, but have not yet been presented for redemption.

b Owned by the company and held by the trustees under the trust indenture of Sept. 4, 1891, as part security for the collateral trust 6 per cent notes.

c Of these amounts, \$304,000 in Eastern Division bonds, \$15,000 in Midvale Division bonds, and \$1,173,000 in Denver Extension bonds, on which the Union Pacific Railway Company pays interest, are held as investments in the Kansas Pacific Denver Extension sinking fund.

d Held by the trustees under the Kansas Pacific consolidated mortgage.

e Held in the treasury of the receivers.

f The American Loan and Trust Company, trustee under the Kansas Pacific further security sinking fund, holds \$116,000 of these bonds.

g \$252,000 of these bonds are held by the trustees under the Kansas Pacific consolidated mortgage. The balance, or \$1,000, are owned by the company, \$1,250 being held by the trustees under the trust indenture of Sept. 4, 1891, as part security for the collateral trust 6 per cent notes, and \$300 held in the treasury of the receivers.

h \$3,894,500 of these bonds are held by the trustees under the Kansas Pacific consolidated mortgage, the balance, or \$2,550, being owned by the company and held in the treasury of the receivers.

Funded debt, December 31, 1893—Continued.

Description.	Term of bond.		Rate of interest.	December 31, 1893.			Lien on—
	Years.	Date of maturity.		Issued and outstanding.	Owned by the company and held by trustees.	Afloat.	
UNION PACIFIC RAILWAY CO.							
Trust 5 per cent bonds	24	1907	5	\$4,660,000	.....	\$4,660,000	Bonds of branch lines held by trustees.
Trust 5 per cent bonds, registered	24	1907	5	17,000	.....	17,000	Do.
Omaha bridge renewal bonds	21	1906	7	1,058,000	a \$467,000	589,000	Omaha bridge.
Equipment trust bonds, series A	1 to 10	1888-1897	5	287,000	.....	287,000	} Equipment held by the American Loan & Trust Company, of Boston, as trustees.
Equipment trust bonds, series B	1 to 10	1889-1899	5	1,052,000	.....	1,052,000	
Equipment trust bonds, series C	1 to 10	1891-1900	5	671,000	b 671,000	.....
Kansas division and collateral mortgage bonds	30	1921	5	5,000,000	b 5,000,000	.....	Road and lands, bonds and stocks held by trustees.
Collateral trust 4½ per cent bonds	29	1918	4½	2,030,000	b 237,000	1,793,000	Bonds of branch lines held by trustees.
Collateral trust 6 per cent notes	3	1894	6	11,224,000	c 363,000	10,861,000	Bonds and stocks held by trustees.
Total				91,016,735	12,546,950	d 78,469,785	

a These bonds are owned by the company, \$145,000 being held by the trustees under the trust indenture of Sept. 4, 1891, and \$322,000 being held in the treasury of the receivers.

b Owned by the company and held by the trustees under the trust indenture of Sept. 4, 1891, as part security for the collateral trust 6 per cent notes.

c Of these notes \$183,000 are held by the trustees under the Kansas Pacific consolidated mortgage, the balance of \$180,000 being owned by the company and held in the treasury of the receivers.

d The amount of funded debt afloat, as shown in the company's balance sheet, is \$78,978,635. The difference between these figures and these, or \$508,850, is due to the fact that \$4,000 in Kansas Pacific consolidated mortgage bonds, \$300 in Kansas Pacific income bonds, \$2,550 in Kansas Pacific subordinated income bonds, \$180,000 in Union Pacific collateral trust notes, and \$322,000 in Union Pacific Railway Company Omaha Bridge Renewal 5 per cent bonds, all of which are held by the treasurer for the receivers of the Union Pacific Railway Company, are treated in this statement as owned by the company, while in the balance sheet they are considered as being afloat.

In order to obtain a correct understanding of the character of the funded debt above set out, a more precise description of some of it will probably be necessary.

The nature of the first-mortgage bonds, the land-grant bonds, the sinking fund bonds, Denver extension bonds, Leavenworth Branch bonds, Cheyenne Branch bonds, and income bonds will be easily understood by reference to the above table, in connection with what has been said in preceding pages of this report. The others may require a further explanation.

The Omaha Bridge bonds were issued under authority of the act of Congress approved February 24, 1871 (16 Stat., 430). That act authorized the Union Pacific Railroad Company, under certain restrictions and conditions, to build a bridge over the Missouri River, connecting Omaha and Council Bluffs, and to issue its bonds for the construction thereof in any sum not exceeding \$2,500,000, the same to be secured by a mortgage on the bridge and its approaches and appurtenances. The Omaha Bridge renewals were issued to pay for improvements and betterments on the bridge at Omaha.

The collateral trust 6 per cent bonds of the old Union Pacific Railroad Company issued in 1879, and the 5 per cent trust bonds of the Consolidated Union Pacific Railway Company issued in 1883, were for the purpose of funding the floating debt of the companies, which had become unmanageable.

The consolidated mortgage bonds of the old Kansas Pacific Railway Company were issued in 1879 to retire the outstanding securities and certain defaulted coupons of the Kansas Pacific Company on which foreclosure had been threatened for some time, the company having been very hard pressed to meet its obligations, and having been practically insolvent since 1873. They are secured by a general lien on the whole line of railroad from Kansas City and Leavenworth to Cheyenne, *via* Denver, subsequent to the lien of the first mortgage and the lien of the United States on the 303½ miles of subsidized road, and to the lien of the Denver extension bonds on the road from the three hundred and ninety-fourth mile post to Denver, and to the lien of the Cheyenne branch bonds from Denver to Cheyenne. They are also secured by a mortgage on all the public lands granted to the Kansas Pacific Railway Company.

The equipment trust bonds are in 3 series, issued in 1887, 1888, and 1890, payable annually for ten years from date. They were issued to raise funds with which to purchase new equipments of engines, cars, etc., for the road, which were made necessary in order to accommodate the increasing traffic of the company, and are secured by a trust covering the new equipment in part purchased by these bonds.

The issue of collateral trust four-and-one-half bonds in 1889 was partly for the purpose of paying certain interest charges and expenses; but primarily it was rendered necessary as a part of the scheme of incorporation and organization of the Denver, Leadville and Gunnison Railway Company, successor to the Denver, South Park and Pacific Railway Company, which had been purchased by the Union Pacific people from Mr. Gould in 1881. The details of these transactions will be given more fully in a subsequent part of this report.

The collateral trust 6 per cent notes were issued in 1891, for three years, under the following circumstances: The Union Pacific Railway Company had long been carrying a floating debt, amounting at that time to nearly \$20,000,000. The company had no money to meet these

demands and no available securities on which to raise money, except the bonds and stocks of its branch lines, of which it held an amount of over \$100,000,000 at their par value, estimated to be worth about \$42,000,000. At a meeting of the creditors of the company it was arranged that the company should issue three-year 6 per cent notes in an amount not exceeding \$24,000,000, and execute a trust indenture to Drexel, Morgan & Co., trustees, depositing with them all these bonds, stocks, etc., as security for the payment of the notes. This arrangement was carried out, and constitutes what has since been called the "Trust indenture of September 4, 1891." Something over \$18,000,000 of these notes were actually issued, and were sold at 92½ per cent of their face value and accrued interest, and many of the creditors accepted them in payment of their claims.

The Kansas division and collateral mortgage bonds were issued in 1891.

The assets of the Union Pacific Railway Company are numerous and varied, comprising bonds and stocks of the branch lines of road, and various other railway interests, as well as miscellaneous investments, interests in coal mines, and also some of the land grant not yet disposed of, and land contracts. A thorough comprehension of the exact nature of these assets and their amount can best be had, perhaps, from a consideration of the subsequent portions of this report when the various matters in our general outline, commencing with "operated lines of road," come to be discussed.

The financial operations of the Union Pacific Railway Company for 1893 show a great falling off in business and a large decrease in the income of the road. For several years prior to 1893 the company had, at the close of each year, a surplus of earnings, which gave promise of permanent prosperity and renewed faith in the ability of the company to meet all its obligations in time. The surplus for each year, from 1889 to 1892, inclusive, was as follows:

1889	\$2,492,440.57
1890	1,886,692.22
1891	1,910,390.34
1892	2,649,518.07

In 1893, however, this surplus had disappeared and in its stead the Union Pacific was confronted with a deficit of \$432,451.68. The following table shows, in a condensed form, the results of the operations of the Union Pacific Railway Company for the years 1893 and 1892:

[1,622.59 miles.]

	1893.	1892.	Increase.	Decrease.
EARNINGS.				
Earnings.....	\$17,376,792.11	\$20,041,451.86		\$2,664,659.75
Expenses.....	10,574,247.80	11,136,422.80		562,175.00
Taxes.....	551,401.49	524,510.58	\$26,890.91	
	11,125,649.29	11,660,933.38		535,284.09
Surplus earnings.....	6,251,142.82	8,380,518.48		2,129,375.66
Income from investments.....	1,051,119.84	1,146,416.63		95,296.79
Interest on sinking fund mortgage 4 per cent bonds, paid by the trustee thereunder.....		56,838.00		56,838.00
Interest on Kansas Pacific consolidated mortgage bonds, paid by the trustees thereunder.....	221,019.69	196,120.14	24,899.55	
Discount and interest.....	45,350.85	40,181.82	5,169.03	
Income from miscellaneous lands.....	8,330.00	11,711.28	3,381.28	
Miscellaneous.....		48,040.00		48,040.00
Total income.....	7,555,458.81	11,678,429.26		4,122,970.45
CHARGES.				
Interest on bonds.....	4,062,594.97	3,371,567.40	691,027.57	
Company's sinking fund requirements.....	600,182.57	769,112.34	168,929.77	
United States requirements.....	1,209,502.75	1,229,641.27	20,138.52	
Premiums on bonds purchased and canceled.....	44.69	111,228.02		111,228.02
Local expenses and land taxes, Union division.....	46,652.73	121,896.17		75,243.44
Profit and loss.....	123,474.50	229,150.44		105,675.94
Estimated amount due to the St. Joseph and Grand Island Railroad Company under its traffic contract.....	143,468.36	43,400.00	100,068.36	
Amount due to the Union Pacific, Denver and Gulf Railway Company under its traffic contract.....	763,176.25	470,454.59	292,721.66	
Amount due to the Union Pacific, Lincoln and Colorado Railway Company under its traffic contract.....	100,000.24	78,114.97	21,885.27	
Loss in operating the Denver, Leadville and Gunnison Railway.....		54,000.71		54,000.71
Total charges.....	7,899,520.51	6,478,062.09	1,421,458.42	
Balance, deficit (b).....	443,961.68	\$2,432,451.68		\$1,988,489.99

a Credit.

b Excluding in both years the Union Pacific Railway Company's proportion of the losses on the securities sold from the collateral held by the trustees of the three-year notes.

c Balance of income.

d Decrease in net income.

The financial operations for 1894 have, so far, been even more unsatisfactory. The gross earnings of the company for the first three months of 1894 fell off nearly one-fourth from what they were for the corresponding period of 1893, being \$3,096,230.48, as against \$4,092,505.68 for 1893. The operating expenses and taxes have been somewhat decreased, but not proportionately to the decrease in gross earnings. So that the net earnings of the company, not taking into consideration interest on the bonded debt, sinking fund requirements, etc., and other charges, show an alarming decrease for the period mentioned, being but \$798,226.94, as against \$1,408,727.18 for the corresponding period of 1893, or an average loss in net earnings of over \$200,000 per month.

In this loss all of the divisions of the consolidated company have shared in comparatively an equal degree, save that the falling off in net earnings of the Cheyenne division has been proportionately greater than on any of the other divisions. This was caused, perhaps, by the immense loss of traffic and the failure of nearly all kinds of business in Colorado, growing out of the financial stringency and the closing down of the mining industries in that State during the past year.

Referring to the table above set out, the report of the Union Pacific directors says:

The falling off in the item "Income from investments," \$681,496.19, is largely due to the failure of companies in the system to earn the interest on their bonds, large amounts of which are owned by the Union Pacific Railway Company. The details of this item are fully shown on page 65.

The item of "Interest on Kansas Pacific consolidated mortgage bonds paid by the trustees thereunder," \$220,000 represents a portion of the land and trust moneys received by the trustees and, pursuant to a provision in the indenture, paid to the receivers of the Union Pacific Company to be applied to the payment of such interest.

Notwithstanding the receivership, the preceding statement shows the obligations resting on the Union Pacific Railway Company, by reason of the various traffic contracts specified therein. Such charges have been thus included merely for the purpose of showing, from a comparative standpoint, the operations of the year. The proportion of such obligations accrued since the receivership, though included in the statement, is not, of course, chargeable against the receivership.

The loss in the operation of the Denver, Leadville & Gunnison Railway for 1893, amounting to \$32,420.42, has not, owing to the receivership, been charged off, though in previous years such charges have been made without prejudice to the rights of the Union Pacific Railway Company to recover such sums in any future settlement of the accounts between the two companies.

During the year, Messrs. Drexel, Morgan & Co., the trustees under the Union Pacific Railway Company's trust indenture of September 4, 1891, sold securities from the trust estate aggregating, at par, \$5,229,756.60, as shown by the following statement:

Then follows a statement showing the kind of securities sold, the amount of each, their par value, their cost, the amount for which each sold respectively, and the loss on each, as well as the totals in each case. From this statement we collate the following general results: Amount sold, \$5,229,756.60; cost as per books, \$4,989,155.32; sold for, \$3,974,506.15; loss, \$1,014,649.17.

The report then proceeds as follows:

The sales of collateral during the year show, as will be seen in the preceding statement, an apparent loss of \$1,014,649.17. As a partial offset to this, however, it should be stated that the notes canceled with the proceeds of such sales were purchased at a discount of \$87,998.71. The net loss was, therefore, \$926,650.46, the proportion of which chargeable to the Union Pacific Railway Company was \$395,998.95, and which has been charged against the accumulated surplus income of the company.

The proceeds arising from the sales of the securities above specified, \$3,974,506.15, and the balance in hand at the commencement of the year 1893, \$970,031.21, aggregating \$4,944,537.36, became available during the year for the purchase and cancellation of three-year notes, as contemplated in the trust indenture.

At the close of 1892 the amount of collateral trust 6 per cent notes outstanding was \$15,976,000. On December 31, 1893, the amount had been reduced by \$4,752,000 to \$11,224,000. The trustees, at the close of 1893, had in hand an uninvested balance of \$394.37, available for further purchases of the collateral trust notes.

An issue of \$180,000 in trust notes was made during the year by the trustees, pursuant to the provisions of the trust indenture, to the Union Pacific Railway Company, to reimburse it for amounts expended in the acquisition of \$234,325 in first mortgage bonds and \$435,175 in the capital stock of the Kearney and Black Hills Railway Company, and \$223,200 (80 per cent paid) in the capital stock of the Wood River Improvement Company, all of which securities were turned over to and are now held by the trustees.

There were also issued during the year \$167,000 Union Pacific Railway Company Omaha Bridge renewal 5 per cent bonds, and \$4,000 Kansas Pacific Consolidated Mortgage 6 per cent bonds, all of which are now held in the treasury of the receivers of the Union Pacific Railway Company.

On September 1, 1893, the sinking fund 8 per cent bonds of the company, then amounting to \$5,162,000, became due. By agreement \$3,730,000 in such bonds were extended for a period of six years, the bonds during the period of such extension to bear interest at the rate of 8 per cent. Of the non-assenting bonds, amounting to \$1,432,000, there were redeemed \$1,390,000 in bonds at par, and funds were provided and deposited with the trustee for the payment of the remaining \$52,000 in such bonds.

Under the extension agreement, a copy of which will be found among the appendices to this report, the moneys arising from the sales of land, the collections on contracts, etc., are to be applied, first, to the purchase of such extended bonds, provided such bonds can be purchased by the trustee at a price not to exceed par and accrued interest; and, second, when such bonds can not be purchased at par and interest, then bonds are to be drawn by lot by the trustee thirty days prior to each September 1 and each March 1, the bonds so drawn to be redeemed at par and accrued interest at the due date of the coupon first maturing after such drawing, the interest on such bonds so drawn to cease from and after such due date. The railway company further reserved, under the extension agreement, the right to pay all the outstanding bonds, with accrued interest thereon, on September 1, 1894, or at the date of the maturity of any coupon thereafter, by due advertisement, as is provided in the extension agreement.

During the past year the following bonds were canceled, or funds were provided for their payment and cancellation:

Union Pacific Railroad Company:	
Collateral trust 6 per cent bonds	\$103,000
Land grant 7 per cent bonds	1,000
Omaha bridge 8 per cent bonds	167,000
Sinking fund 8 per cent bonds	1,394,000
Union Pacific Railway Company:	
Collateral trust 6 per cent notes	4,932,000
Collateral trust 4½ per cent bonds	7,000
Equipment trust, Series A, 5 per cent bonds	71,000
Equipment trust, Series B, 5 per cent bonds	211,000
Trust 5 per cent bonds	131,000
Total	7,017,000

The comparative balance sheets of the company for 1893 and 1892, as shown by the report of the Union Pacific Directors for the year ending December 31, 1893, are as follows:

The Union Pacific Railway Company.—Comparative balance sheets, December 31, 1893, and December 31, 1892.

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THE PACIFIC RAILROADS.

	December 31, 1893.		December 31, 1892.		Increase.	Decrease.
ASSETS.						
Cost of road and fixtures.....		\$155,524,181.85		\$155,520,559.93		\$3,724.08
Investments.....						
Bonds and stocks of other railroad companies.....	\$39,392,631.50		\$41,879,724.44			2,677,693.74
Bonds and stocks of steamship, coal, and other companies, and county bonds.....	6,851,831.04		7,161,956.71			310,685.67
Bonds and stocks of railroad and other companies held in the Kansas Pacific consolidated mortgage trust.....	3,177,252.00		3,213,691.00			36,439.00
Miscellaneous investments.....	248,747.00		1,199,640.80			950,893.80
Advances to auxiliary companies payable in bonds and stock.....	2,294,093.26		2,333,988.31			39,895.05
Bonds and stock of auxiliary companies held as collateral (see Liability list).....		51,774,454.80		55,784,682.20		4,010,227.96
Cash and current assets.....		5,251,345.98		7,542,345.98		2,291,000.00
Receivers Union Pacific system.....		29,653,647.18		13,150,367.50		16,503,279.68
Receivers Union Pacific Railway Company, property account.....		1,612,574.00			\$1,612,574.00	
Sinking-fund balances.....		1,001,680.73		1,901,886.73		900,206.00
Fuel, material, and stores on hand.....		3,740,036.85		3,624,955.13		115,081.72
Land contracts, land cash, etc.....		(0)		1,556,044.24		1,556,044.24
Land contracts, land cash, etc.....		7,097,320.41		8,290,047.08		1,192,726.67
Total assets.....		239,325,441.90		245,431,941.92		6,106,500.02
LIABILITIES.						
Capital stock.....		60,868,500.00		60,868,500.00		
Funded debt.....		78,978,635.00		85,492,185.00		6,513,550.00
United States 6 per cent currency bonds.....		33,539,512.00		33,539,512.00		
Interest on United States bonds, balance of, sinking fund deducted.....		15,579,815.00		17,784,764.49	2,204,949.49	
Interest accrued not yet due.....		717,064.08		877,799.27		160,735.19
Bonds and stock owned by auxiliary companies held by this company as collateral (see Assets).....		5,265,345.98		7,542,345.98		2,276,999.00
Income accounts:						
General income.....	11,533,842.61		12,056,898.24			523,055.63
Income used for sinking funds.....	8,569,216.85		7,761,448.31		807,768.54	
Land and trust income.....	24,416,840.97		24,876,917.27			460,076.30
	44,519,900.43		44,695,263.82			175,363.39

Less deficit of United States requirements and accumulations of the sinking fund as compared with accrued interest on United States bonds, February 1, 1880, to date.....	5,964,780.62		5,368,268.63		596,461.99	
		38,585,069.81		39,325,935.19		740,865.38
Total liabilities		236,525,441.96		245,431,041.92		8,905,599.96

^a This decrease is mainly due to the sales of securities held as collateral for the three-year notes, as shown on page 59.

^b See "Statement of current assets" on page 68.

^c This consists principally of company bonds owned by the company and of the company's investment in Pullman cars, which have been transferred from the investment accounts to this account.

^d The "Fuel, material, and stores on hand" October 13, 1893, the date of the receivership, have been turned over to the receivers of the Union Pacific system, and are included in the item of \$1,612,574.66 shown above.

The condition and status of the consolidated Union Pacific Railway Company, both past and present, having been thus gone through with, and its financial status and a statement of its earnings given, it becomes necessary, in order to obtain a more thorough knowledge of the condition of the Union Pacific system, to consider next the auxiliary or branch lines of the system which are operated by it, and which, up to the date of the receivership of the system, reported to the management at Omaha.

B.—OPERATED LINES.

The auxiliary lines of road which are operated by the Union Pacific system and report to the management at Omaha, as shown by the Fourteenth Annual Report of the Directors of the Union Pacific Railway Company, for the year ending December 31, 1893, comprise over 5,800 miles of road. For convenience they may be arranged in three main systems:

(1) The Kansas-Nebraska system, comprising eight separate lines of road in Kansas and Nebraska, aggregating 1,497.99 miles, and forming a network of roads in those two States which reaches nearly every place of importance in the territory lying between the Kansas Pacific and the Union Pacific, as well as numerous other important points in those States.

(2) The Colorado system, comprising, according to one statement, 1,855.83 miles, and according to another statement 1,861.76 miles of road in Colorado, Wyoming, New Mexico, and Texas.

(3) The Utah-Oregon system, composed of three separate lines of road, and embracing 2,514.36 miles of road in Utah, Wyoming, Idaho, Oregon, and Washington, besides a steamship line from Portland, Oregon to San Francisco, California, and another line from Portland to Seattle and Tacoma.

FIRST.—THE KANSAS-NEBRASKA SYSTEM.

This system comprises—

(1) The Kansas Central Railroad, a line 165.35 miles long, running from Leavenworth almost due west to Miltonvale.

(2) The St. Joseph and Grand Island Railroad, extending from St. Joseph, Mo., 251.06 miles in a west northwesterly direction to Grand Island, Nebr.

These two roads are the only ones operated by the Union Pacific Railway Company outside of its main lines that connect directly with the Missouri River. The others are branch roads connecting either with the Union Pacific or the Kansas Pacific, or both, west of the Missouri River. They are the following:

(3) Junction City and Fort Kearney Railroad, extending from Junction City, on the Kansas Pacific, in a northwesterly direction to Concordia, a distance of 70.86 miles, with a branch from Lawrenceburg, on that line to Bellville, 17.14 miles in length; total length of road, 88 miles. This line crosses the Kansas Central at Clay Center, some 33 miles from Junction City.

(4) The Omaha and Republican Valley Railway embraces no less than 10 branches or spurs of road. What may be called its main line, leaves the Union Pacific at Valley, some 35 miles west of Omaha, and runs almost south, passing through Valparaiso and Lincoln, in Nebraska,

two roads are included in the last annual report of the directors of the Union Pacific system, and from that report the following facts have been obtained. The balance sheet is as follows:

Balance sheet of the Fort Worth and Denver City Railway Company, December 31, 1893.

ASSETS.		LIABILITIES.	
Cost of road and fixtures	\$17,366,950.57	Capital stock	\$9,375,000.00
Investments	897,460.63	First mortgage 6 per cent bonds, due Dec. 1, 1921 (trustee, Mer- cantile Trust Co., New York) ..	8,175,000.00
Accounts receivable	183,563.49	Equipment trust bonds, due Mar. 1, 1899 (trustee, Central Trust Co., New York)	180,000.00
Material and supplies	100,688.99	Accounts payable	661,014.40
Cash	191,345.18	Interest accrued, not yet due ..	43,548.87
		Income account	254,455.74
	18,660,016.81		18,660,016.81

The company owns \$213,000 of its own first-mortgage 6 per cent bonds, \$100,000 of its own capital stock, \$17,000 in Union Pacific Railway Company collateral trust 6 per cent notes, the entire capital stock (\$290,000) of the Pan-Handle Railway Company, and all of the capital stock (\$200,000) and first-mortgage 5 per cent bonds (\$200,000) of the Fort Worth and Denver Terminal Railway Company.

The operations of the road from 1889 down to 1892, inclusive, show a surplus of earnings, the amounts of each year being as follows:

1889	\$67,899.42
1890	275,292.12
1891	64,735.48
1892	3,380.41

For 1893 there was a deficit amounting to \$174,228.69, while for the first three months of 1894 the net earnings, not considering interest on bonds, amounted to \$38,936.03, as against \$92,998.08 for the corresponding period for 1893.

THIRD.—THE UTAH-OREGON SYSTEM.

The Utah-Oregon system, as it may be termed, consists properly of two great separate systems of road and a short spur in Utah, 30.19 miles in length, known as the Echo and Park City Railway. The total mileage of the system exceeds 2,500 miles. By means of what was originally the Oregon Short Line and the present Oregon Railway and Navigation Company's lines, it is a practical continuation of the Union Pacific Railway from its terminus at Ogden into the far Northwest, traversing Idaho and Oregon and extending to Spokane and other points in eastern Washington. At Portland, Oreg., the Oregon Railway and Navigation Company's rail line makes direct connection with its steamship lines to San Francisco to the south, and the cities of western Washington on the coast of Puget Sound, as well as to some other lines on Columbia River, and to other points. Then, by means of its system of cross lines, extending from the mineral regions of Montana, where it taps the territory traversed by the Northern Pacific, almost straight south through Pocatello, McCammon, Ogden, Salt Lake City, and on through Utah to Milford and Frisco, near the western boundary of the territory, somewhat south of the center, it reaches almost every place of importance in southwestern Montana, western and southern Idaho, and the Great Salt Lake Valley in Utah.

The two separate subordinate systems of the Utah-Oregon system are:

- (1) The Oregon Short Line and Utah Northern, comprising 1,424.82 miles of road; and
- (2) The Oregon Railway and Navigation Company, comprising 1,059.35 miles of rail lines and certain steamship lines.
- (3) The other line of what we have termed the Utah-Oregon system is the Echo and Park City Railway, above mentioned.

1. The Oregon Short Line and Utah Northern system is a consolidation of a number of other companies on August 1, 1889, in pursuance of the policy of simplification of the systems of branch lines, and economy in their management, heretofore referred to at length in the matter of the Union Pacific, Denver and Gulf Consolidation. The companies embraced in the consolidation were the following:

- (a) The Oregon Short Line Railway Company,
- (b) The Utah and Northern Railway Company,
- (c) The Utah Central Railway Company,
- (d) The Salt Lake and Western Railway Company,
- (e) The Utah and Nevada Railway Company,
- (f) The Ogden and Syracuse Railway Company,
- (g) The Idaho Central Railway Company, and
- (h) The Nevada Pacific Railway Company.

(a) The original Oregon Short Line was constructed by the Union Pacific Company, under the following circumstances, and for the following reasons: After the completion of the Union and Central Pacific railroads in 1869 the traffic destined for points in Oregon and Washington went over the tracks of these two roads to San Francisco, and thence by water to Portland, the point of distribution. The Northern Pacific Railroad, which was chartered July 2, 1864, commenced in 1870 to construct its line of road from Lake Superior west, through the northern parts of the United States toward the Oregon and Washington country, which it expected to tap and make tributary to its system when completed. Work on the Northern Pacific came to a temporary stop in 1873, as a result of the financial crisis of that period. When the financial situation assumed more favorable aspects, the Northern Pacific resumed operations in the construction of its road, and completed a line from Ashland, in Wisconsin, to Portland, Oreg., and opened it for business September 9, 1883. It was early observed by the Union Pacific people that the completion of the Northern Pacific road would materially lessen its business in Oregon and Washington. The traffic of that country destined for points east, would naturally go over the lines of the Northern Pacific, that being the shortest and most direct line, while, for the same reason, the traffic from the Eastern States destined for points in Washington and Oregon would naturally seek the same route.

With a view to securing a firmer and more direct hold on the Oregon and Washington traffic, as against this new competition [says the report of the Union Pacific directors for 1888], than could be obtained by way of San Francisco, the Union Pacific, in 1881, organized a branch, known as the Oregon Short Line, to construct and operate a road from Granger, in Wyoming Territory, to some point in Oregon on the Snake River, in the vicinity of Boise City, intending there to make a direct connection with a road to Portland. A charter was obtained from Congress August 2, 1882. In order to provide the capital for the construction of the proposed road, the right to subscribe to its securities was offered by circular to the stockholders of the Union Pacific on the following terms: Each holder of fifty shares of Union Pacific stock was to have the right to subscribe to a block of one \$1,000 bond and five shares of full paid stock of the Oregon Short Line Company, agreeing to pay therefor \$1,000 in cash. The financial, traffic, and operating relations between the two companies were pre-

vided for in the following provisions of a contract between them, dated January 12, 1882:

"It is furthermore agreed between the parties hereto that the earnings from all business passing from the lines of either of the parties hereto to the lines of the other (including roads controlled and operated in the interest of the other) shall be divided, until otherwise agreed between the parties hereto, in proportion to the distance actually hauled by each, unless it shall be found that under such division the party of the first part [Oregon Short Line] will not have sufficient net earnings and income to enable it to pay the interest on the said first mortgage bonds as such interest shall mature, in which case the basis of the division of the earnings on the business passing from the lines of the one party to those of the other shall be made such from time to time, as will enable the party of the first part to pay such interest, it appropriating and using as aforesaid, however, for that purpose all of its other net earnings and income as aforesaid.

"It is furthermore agreed that an account shall be kept of any amounts received by the party of the first part in excess of what the said party would be entitled to receive under the first-mentioned basis of division, to wit, in proportion to the distance actually hauled by each, and that the amount of such excess shall be a debt which shall be allowed with interest to the party of the second part (Union Pacific Railway Company) out of the first subsequent earnings and income of the party of the first part not needed at the time for the payment of the interest on its first-mortgage bonds; and any amount of such excess which shall exist in favor of the party of the second part when the said first-mortgage bonds shall become due, or if this agreement shall not be kept by the party of the first part, or if for any reason it shall come to an end, shall be and is hereby declared to be an equitable lien or charge on the road and property of the party of the first part subordinate to the lien of the said first-mortgage bonds; and the party of the second part, as to such excess, shall be subrogated to the rights and lien of the said first-mortgage bondholders as against such mortgaged property of the party of the first part except as against the said bondholders whose bonds and coupons remain unpaid.

"It is further expressly understood that the covenants and agreements herein, so far as the same relate to a division of the earnings and the basis of such division, are strictly covenants and agreements inter partes and subject to be altered by the agreement of the parties, and none of the covenants and agreements herein on the part of the party of the second part are intended to create or be a mortgage or pledge, legal or equitable, of the earnings of the party of the second part for any purpose whatever; and nothing herein contained is intended nor shall the same be construed or held to affect any duty or obligation on the part of the second part to the Government of the United States under its charter or any act of Congress."

The Union Pacific thereupon put its guaranty upon the coupons attached to the bonds of the Oregon Short Line, under the conditions set forth in the foregoing extract. In consideration of so doing, it obtained and placed in its treasury one-half of the capital stock of the Oregon Short Line. The one-half of the capital stock thus retained in the treasury of the Union Pacific represented the control of the property. The remaining half of the capital stock was issued to subscribers under the circular of July 22, 1881, and has since been treated as an independent security.

The Oregon Short Line was built from Granger, in Wyoming, in a northwesterly direction to Huntington, Oreg., a distance of 541.81 miles, where it joins the main line of the Oregon Railway and Navigation Company, extending thence to Portland. A branch of this old company leaves the main line at Shoshone, Idaho, and runs almost due north to Ketchum, 69.96 miles, making the total length of the old Oregon Short Line 611.77 miles. The road was completed in 1884, its construction and equipment being provided for out of the proceeds of its bonds issued at the rate of \$25,000 per mile, or \$13,525,000 for the main line, and \$1,750,000 for the Ketchum branch, a total cost of \$15,275,000 of bonds. The stock was issued in an amount equal to the bonds. All that was paid by the Union Pacific for its one-half of the stock was the interest guaranteed; and all that was paid for the other half that was floated was the difference between the value of the bonds at date of purchase, and their par value.

Under the traffic contract between the Oregon Short Line and the Union Pacific Railway Company, above set out, it will be observed that the division of earnings from joint traffic were to be made, until

otherwise agreed, upon what is known as the straight mileage basis; that is, the earnings of the roads, as to joint traffic, were to be divided between them in proportion to the distance actually hauled by each. This agreement, however, it seems, was never carried into effect. On the contrary, the joint earnings of the two roads were, from the beginning of their joint business, divided on the basis of allowing the Union Pacific straight mileage, but computing each mile of the Oregon Short Line as a mile and three-quarters in the division of freight traffic, and as a mile and a half in the division of passenger traffic. This variation from the terms of the traffic contract appears never to have been demanded by the Short Line, or to have been authoritatively approved by the Union Pacific Company, but was simply acted upon, and its results carried into the respective reports of the companies from year to year, without any authority, for several years. On the 31st of May, 1888, the books of the Union Pacific showed that the Oregon Short Line owed the parent company, under the contract of 1882, \$1,800,458.63. Had the division of joint earnings been made according to the terms of the contract, the Oregon Short Line would have been found to owe the Union Pacific the further sum of \$463,324.92, besides an amount of interest, all of which would have made the indebtedness of the Oregon Short Line to the Union Pacific considerably more than \$2,300,000. The matter of the relations between the Union Pacific Railway Company and its branch lines was the subject of much investigation and consideration at the hands of the commission appointed under the act of March 3, 1887. Accordingly, under those circumstances, and in view of their indebtedness to the Union Pacific and the investigations being made, the stockholders of the Oregon Short Line sent a memorial to the Union Pacific directors praying for a revision of the terms of the traffic contract of 1882. It would seem that the Oregon Short Line people were justified in asking for this revision of the traffic contract, inasmuch as the arrangement actually carried into effect between the two companies had received the sanction of the board of Government directors of the Union Pacific Railway Company as early as 1882, and was practically sanctioned by the investigating committee of 1887, the board saying, with respect to the practice adopted by the two roads, that it was "just and equitable, and based upon the value of the business brought to the main line;" and the committee reporting as to the division of joint earnings that—

The main road has no right to demand a straight mileage basis division. Equity and fair dealing require that it should pay to the branches just compensation for the services rendered, and this is all it does. The practice of adjusting such divisions of earnings between roads where the circumstances of the transit are different is universal.

As a result of this memorial, and at the suggestion of the Union Pacific people, the question of the revision of the contract, and as to what should constitute a fair and equitable basis of division of the joint earnings of the two roads was submitted to a board of three disinterested arbitrators, one of whom was a Government director of the Union Pacific, and all of whom were practical railroad men. The result of their investigations and consideration was a practical confirmation of the practice that had obtained between the two companies from the beginning, as distinguished from the actual traffic contract of 1882. In concluding their report the referees said:

We have reached the conclusion that the division recommended by the Government directors in 1882—one and three-fourths to one—is an equitable division for passenger and freight traffic to and from the Oregon Short Line and its branches.

For all freight hauled to and from Granger to Pocatello, that goes over the Utah and Northern, and is simply hauled from one point to the other, that the mileage rate allowed should be the same as that allowed the main line.

We would suggest that this adjustment be retroactive and cover the entire operation of the road from its completion, and interest be allowed the Union Pacific on all amounts found by settlement on this basis to be due for money advanced to pay interest on bonded indebtedness. . . . We would respectfully recommend that the contract be modified to conform to the above. (Report of Union Pacific Directors, for 1888, Appendix, pp. 131, 137.)

The recommendations of the referees were incorporated into a new agreement, which was in due time submitted to the executive committee of the Union Pacific and to the trustees of the Oregon Short Line, and the same was approved by them, and their approvals were subsequently confirmed and approved by the stockholders of the respective companies.

The Oregon Short Line, on January 1, 1887, leased the lines of the Oregon Railway and Navigation Company, thus giving the Union Pacific a complete through line into the far Northwest. Of the provisions of that lease and its subsequent changes, and the operations under it, we shall speak in a subsequent part of this report. It is referred to here only to complete the chronological statement up to the consolidation of August 1, 1889. At the consolidation the cost of the road and fixtures was, as shown by the balance sheet for 1888, \$29,434,719.42. The capital stock was \$14,073,600, of which the Union Pacific Railway Company owned \$8,015,600. Its bonded indebtedness was \$14,931,000, in first mortgage 6 per cent bonds, the Union Pacific owning but one \$1000 bond; and it had a floating debt amounting to \$1,694,047.62.

The other lines of road embraced in that consolidation will be briefly described.

(b.) The Utah and Northern Railway was a narrow-gauge road running from Ogden, Utah, to Pocatello, Idaho, a distance of 153.19 miles, and from that point, as a standard gauge road, it continued on north to Silver Bow, Mont., a distance of 255.76. From Silver Bow a branch of standard-gauge road ran west to Butte City, and another north to Garrison, their combined length being 57.66 miles, making the entire length of the Utah and Northern Railway 466.61 miles. All of these lines up to the consolidation in 1889 were operated by the Utah and Northern Company in the interest of the Union Pacific Railway Company, except the two branches from Silver Bow, which were leased to the Montana Union Railway Company. The cost of this road, as shown by the balance sheet for 1888, was \$14,686,281.68. Its capital stock at the consolidation was \$5,543,000, and its bonded indebtedness was \$7,184,000, as follows: First-mortgage bonds, 7 per cent, due 1908, \$4,995,000; consolidated first-mortgage bonds, 5 per cent, due 1926, \$1,889,000; and equipment trust bonds, \$320,000. Of these amounts the Union Pacific Railway Company owned \$4,816,000 of the capital stock and \$4,420,000 of the first-mortgage 7 per cent bonds, \$2,265,000 of the bonds being pledged in the 6 per cent collateral trust and \$2,125,000 in the 5 per cent collateral trust.

(c) The Utah Central Railway was a standard gauge railway 280 miles long, running from Ogden almost south through Salt Lake City and the valley of Great Salt Lake to Milford, where it bent to the west and reached Frisco near the western boundary of the Territory somewhat south of the center. The cost of this road was \$9,125,000. Its capital stock was \$4,225,000, and its funded debt, as shown by the balance sheet for 1888, was \$4,900,000. This funded debt was as fol-

lows: Utah Central first-mortgage bonds, 6 per cent, due 1890, \$1,000,000; Utah Southern first-mortgage bonds, 7 per cent, due 1891, \$424,000; Utah Southern general mortgage bonds, 7 per cent, due 1909, \$1,526,000; Utah Southern Extension first-mortgage bonds, 7 per cent, due 1909, \$1,950,000. The Union Pacific Railway Company, at the consolidation, owned \$1,886,900 of the capital stock and \$982,000 Utah Southern Extension bonds, \$89,000 of which bonds it had pledged in the 5 per cent collateral trust.

(d) The Salt Lake and Western Railway was a line of railway leaving the Utah Central Railway at Lehi Junction, about 30 miles south of Salt Lake City and running southwest to Tintic, 53.89 miles, with a branch from Ironton to Silver City, and another from Silver City to Eureka, aggregating 4.15 miles, and making the total length of the lines 58.04 miles. This road reaches some of the most valuable mines in Utah. The cost of its construction and fixtures was \$2,160,350.72. Its capital stock was \$1,080,000, and its funded debt, in first-mortgage 6 per cent bonds, due 1912, was a like amount. The entire capital stock and all the bonds of the company were owned by the Union Pacific Railway Company.

(e) The Utah and Nevada Railway was a line of railway 37 miles long, running from Salt Lake City in a southwesterly direction, near the border of the lake, to Terminus. The cost of the road and fixtures was \$674,348.14. The capital stock was \$555,860, all but \$860 of which was owned by the Union Pacific Railway Company. It had no bonded indebtedness.

(f) The Ogden and Syracuse Railway was a short road—5.85 miles long—running from Ogden and Syracuse Junction, on the Utah Central, a short distance south of Ogden, almost due west to Syracuse, on the lake. The cost of this road was \$87,700, represented by an equal amount of capital stock, all of which stock was owned by the Union Pacific Railway Company. It had no bonded indebtedness.

(g) The Idaho Central Railway was a line of railway 19 miles long extending from Nampa, on the Oregon Short Line, 82 miles below Huntington, almost due east to Boise City. The cost of this road and fixtures was \$215,747.17. Its capital stock was \$91,000, and its bonded indebtedness, in first-mortgage 6 per cent bonds, due 1917, was \$145,000. The Union Pacific Railway Company owned \$94,000 of these bonds, but none of the capital stock.

(h) The other company embraced in the consolidation of August 1, 1889, was the Nevada Pacific Railway Company, which owned no line of road, having been incorporated shortly before the date of the consolidation, and included in it in order to give the consolidated company the power to construct and operate lines of railway in Nevada. Of the roads embraced in the consolidation but three of them, viz, the Oregon Short Line, the Utah and Northern, and the Salt Lake and Western, were operated by the Union Pacific Railway Company prior to the consolidation. The others were operated under other managements, and the Union Pacific's interest in them consisted wholly of bonds and stocks of the respective companies.

Since the consolidation in 1889, the Oregon Short Line and Utah Northern system has been extended by the construction of a branch road from Cache Junction, 49 miles north of Ogden, to Preston, Idaho, a distance of 42.35 miles in a northeasterly direction. Certain other lines have been extended somewhat, about 10 miles of spurs having been built in the mineral regions near the southern terminus of the old Salt Lake and Western Railway, and about 2½ miles of narrow gauge

road has been built from Saltair Junction, on the Old Utah and Nevada line, almost north to the lake. The line of the old Utah and Northern from Ogden to the junction with the Oregon short line at McCammon, 23 miles east of Pocatello, has been changed from a narrow gauge to a standard gauge, and consequently all the lines north of Ogden are now standard gauges. The only narrow gauge road of the system is less than 40 miles of the old Utah and Nevada line and its branch from Saltair Junction. The total mileage of the system at the close of the year 1893 was 1,424.82 miles.

The capital stock of the consolidated Oregon Short Line and Utah Northern Railway Company is limited to \$27,000,000. On December 31, 1893, the amount outstanding, including the stock of constituent companies not then exchanged, was \$26,244,853.32, of which the Union Pacific Railway Company owned \$15,116,703.33. All of the stock owned by the Union Pacific Railway Company, excepting \$1,000 in amount, is held by the trustees under the trust indenture of September 4, 1891.

Immediately after the consolidation the Oregon Short Line and Utah Northern Railway Company made a consolidated mortgage providing for an issue of 5 per cent thirty-year bonds, due in 1919, both principal and interest of which are expressed to be paid in gold coin. The issue is limited, including all underlying mortgage bonds, to \$25,000 per mile of completed railway, with provisions for issuing additional amounts when necessary for terminals and second tracks not exceeding in the aggregate \$35,000 per mile of double track, and is secured by a mortgage on the entire property and franchises of the consolidated company. Provision is made for the retirement of all underlying mortgage bonds *pari passu* with the issue of consolidated bonds, so that the total issue of all bonds, both consolidated and underlying, shall never exceed the amount per mile of completed single or double track railway above stated. Bonds may be paid before maturity at 105 and accrued interest, after notice as provided in the mortgage, but only on payment of the entire issue. The prompt payment of interest on the first days of April and October of each year is guaranteed by the Union Pacific Railway Company, under a traffic agreement, in the same way that the Union Pacific Railway Company guaranteed the payment of interest on the Oregon Short Line Railway Company 6 per cent bonds. The mortgage provides for a sinking fund consisting of an annual payment of a sum of money equal to two-thirds of 1 per cent of the aggregate principal of the bonds secured by the mortgage and certified by the trustee, but so far only as the net earnings of the company are sufficient after payment of taxes and interest on all bonds. Consolidated mortgage bonds can be bought as an investment for this sinking fund at a price not over 105 and interest, but bonds can not be drawn by lot for payment.

In order to understand the exact financial status of the Oregon Short Line and Utah Northern, it will be necessary to consider its relations with the Oregon Railway and Navigation Company, under the lease of January 1, 1887, and its subsequent modifications. The latter company's lines of road and its own independent financial status will be described in a subsequent part of this report.

On the 1st of January, 1887, the Oregon Short Line Railway Company leased the lines of the Oregon Railway and Navigation Company at a rental of 6 per cent per annum upon the stock of the latter company, to be paid to the stockholders, the payment of this rental being guaranteed by the Union Pacific Railway Company. Subsequently a proposition was practically agreed upon between the Union Pacific and

the Northern Pacific Railway companies for a joint lease of the lines of the Oregon Railway and Navigation Company, but opposition on the part of the people of Oregon to the execution of such a design was very strong, and finally the ratification of such instrument by the directors of the Oregon Railway and Navigation Company was enjoined by the courts. During the period of this contention the development of the Oregon Railway and Navigation Company's system was very much retarded. The proposed joint lease by the Union Pacific and the Northern Pacific Railway companies was finally disposed of during the year 1888, and the Oregon Railway and Navigation Company immediately began the active work of construction of branch lines. During the summer and autumn of that year a bridge was constructed across the Snake River at Riparia, and over 200 miles of road were either wholly or partially built. By reason of an injunction issued out of a court of New York, restraining the Oregon Railway and Navigation Company from building branches north of Snake River, and the complications arising therefrom, the Oregon Short Line and Utah Northern Railway Company was obliged to advance temporarily the money needed for this construction. In order to procure the funds to repay these advances, the Oregon Railway and Navigation Company issued its 5 per cent collateral trust bonds, secured by a deposit in trust of the bonds of the Oregon Railway Extensions Company and the Washington and Idaho Railroad Company, under the charters of which these branches had been built. During all this period the absolute control of the Oregon Railway and Navigation Company's lines was not assured to the Union Pacific. Complications were continually arising between the Union Pacific and the Northern Pacific for the control of this company's lines. The Northern Pacific was especially anxious to secure the control of these lines of road in order to obtain the traffic of the territory traversed by them, and the Union Pacific felt that the loss of the traffic of the Oregon Railway and Navigation Company and the control of its lines of road would be a matter of great embarrassment to it.

Under these circumstances the Union Pacific directors ascertained, in the summer of 1889, that they could control the Oregon Railway and Navigation Company by purchasing a majority of its stock from the Oregon and Transcontinental Company "on terms which would enable the Union Pacific, should such purchase be made in its interest, not only to secure thereby the undisturbed control of the property of the Oregon Railway and Navigation Company, but also practically to reduce the rental on the stock bought from 6 to 5 per cent or less. In other words, the money necessary to purchase a majority of the stock of the leased line could be borrowed at a rate at least 1 per cent less than the rental, which, under the lease, had to be paid in dividends on stock thus bought." Accordingly, the Oregon Short Line and Utah Northern Railway Company, which, under the consolidation, had become the successor to the Oregon Short Line Railway Company as lessee of the property of the Oregon Railway and Navigation Company, purchased a majority of the stock of the Oregon Railway and Navigation Company, and held the same in the interest of the Union Pacific. To meet this investment the Oregon Short Line and Utah Northern Railway Company made a collateral trust mortgage, providing for the issue of 5 per cent gold bonds due September 1, 1919, secured by the deposit in trust of shares of the Oregon Railway and Navigation Company. The mortgage provides a sinking fund for the

purchase and redemption of the collateral trust bonds. Thirteen million dollars of these bonds have been issued.

The statement of the financial affairs of the Oregon Short Line and Utah Northern Railway Company in the last report of the Union Pacific directors is as follows:

The stock of the Oregon Short Line and Utah Northern Railway Company is limited to \$27,000,000. On December 31, 1893, the amount outstanding, including the stock of constituent companies not then exchanged, was \$26,244,853.32, of which the Union Pacific Railway Company owned \$15,116,703.33. All of the stock owned by the Union Pacific Railway Company, excepting \$1,000 in amount, is held by the trustees under the trust indenture of September 4, 1891.

The Oregon Short Line and Utah Northern Railway Company owns \$14,698,200, out of a total issue of \$24,000,000, of the stock of the Oregon Railway and Navigation Company. Of the stock thus owned \$13,000,000 is held by the trustee under the collateral trust indenture of the Oregon Short Line and Utah Northern Railway Company, and \$817,200 is held by the same trustee as an investment for the sinking fund established thereunder. The balance of the stock thus owned, \$881,000, is pledged with the Union Pacific Railway Company, with power in that company to rehypothecate or sell the same. The stock thus pledged with the Union Pacific Railway Company is deposited with the trustees under that company's trust indenture of September 4, 1891.

The amount of collateral trust bonds outstanding on December 31, 1893, was \$13,000,000. Of the bonds thus outstanding, the Union Pacific Railway Company owned \$1,000,000, which are held by the trustees under that company's trust indenture of September 4, 1891.

The amount of Oregon Short Line and Utah Northern Railway Company consolidated first-mortgage bonds outstanding on December 31, 1893, was \$10,895,000. Of these the Union Pacific Railway Company owns \$22,000. That company also owns \$4,420,000 in Utah and Northern Railway Company first-mortgage 7 per cent bonds; \$118,000 in Utah Southern Railroad Company first-mortgage 7 per cent bonds; \$382,000 in Utah Southern Railroad extension first-mortgage 7 per cent bonds; and \$82,000 in Idaho Central Railway Company first-mortgage 6 per cent bonds.

The Oregon Short Line and Utah Northern Railway Company owns the following bonds of its own issues:

Oregon Short Line and Utah Northern Railway Company consolidated 5 per cent bonds.....	\$1,565,000
Idaho Central Railway Company first-mortgage 6 per cent bonds.....	1,000
Utah Central Railway Company first-mortgage 6 per cent bonds	1,000

At the close of 1893 the Oregon Short Line and Utah Northern Railway Company was indebted to the Union Pacific Railway Company in the sum of \$3,389,858.17. Against this it had pledged with that company, with the power in the Union Pacific to rehypothecate or sell, \$1,501,000 in Oregon Short Line and Utah Northern Railway Company, consolidated 5 per cent bonds; \$881,000 in Oregon Railway and Navigation Company stock; \$411,000 in Union Pacific Coal Company first-mortgage 5 per cent bonds, and \$461,400 in Union Pacific Coal Company stock. The Oregon Short Line and Utah Northern Railway Company had also pledged with the Union Pacific Railway Company, with power in that company to rehypothecate or sell, \$15,000 in Oregon Railway and Navigation Company collateral trust 5 per cent bonds.

Of the bonds and stock thus pledged with the Union Pacific Railway Company, all excepting the \$15,000 in Oregon Railway and Navigation Company collateral trust bonds have been by that company deposited with the trustees under the trust indenture of September 4, 1891.

A detailed statement of the funded debt is as follows:

	Due.	Rate.	Outstand- ing.	Owned by the Ore- gon Short Line and Utah and Northern Rwy. Co.	Owned by the Union Pacific Rwy. Co.	Total owned in the system.	Held in trust. (a)	Advat.
		P. ct.	Dollars.	Dollars.	Dollars.	Dollars.	Dollars.	Dollars.
Oregon Short Line and Utah North- ern Rwy. Co.: Consolidated first mortgage bonds	Apr. 1, 1919	5	10,895,000	(b) 1,563,000	(c) 97,000	1,620,000	1,662,000	9,233,000
Collateral trust bonds.	Sept. 1, 1919	5	13,000,000	17,000	1,000,000	1,017,000	1,017,000	11,983,000
Oregon Short Line Rwy. Co.: First-mortgage bonds.	Feb. 1, 1922	6	14,931,000					14,931,000
Idaho Central Rwy. Co.: First-mortgage bonds.	Jan. 1, 1917	6	131,000	1,000	82,000	83,000	82,000	48,000
Utah Central Rwy. Co.: First-mortgage bonds.	Jan. 1, 1890	6	7,000	1,000		1,000		6,000
Utah & Northern Railway Co.: First-mortgage bonds.	July 1, 1908	7	4,995,000		4,420,000	4,420,000	4,312,000	575,000
Consolidated first-mortgage bonds.	July 1, 1926	5	1,831,000					1,831,000
Equipment trust bonds.	1-10th each year to Apr. 1, 1897	5	142,000					142,000
Utah Southern Railroad Co.: First-mortgage bonds.	July 1, 1891	7	424,000		418,000	418,000	418,000	6,000
General mort- gage bonds.	July 1, 1909	7	1,526,000					1,526,000
Extension first- mortgage bonds.	July 1, 1909	7	1,030,000		982,000	982,000	982,000	988,000
Total			40,833,000	1,584,000	5,909,000	8,583,000	8,437,000	41,249,000

(a) The bonds included in this column represent those included in the preceding column which are held in trust.

(b) One million five hundred and one thousand dollars of these bonds are pledged with the Union Pacific Railway Company as collateral for advances, with power to rehypothecate or sell.

(c) Of these bonds, \$22,000 are owned by the Union Pacific Railway Company and \$75,000 are held as an investment of the sinking fund under the Union Pacific, Lincoln and Colorado Railway Company's first mortgage.

(d) All of these bonds are held by the trustees under the Union Pacific Railway Company's trust indenture of September 4, 1891, excepting \$75,000 in Oregon Short Line and Utah Northern Railway Company consolidated mortgage 5 per cent bonds, held as an investment of the sinking fund under the Union Pacific, Lincoln and Colorado Railway Company's first mortgage, \$17,000 in Oregon Short Line and Utah Northern Railway Company collateral trust 5 per cent bonds, held as an investment of the sinking fund under the Oregon Short Line and Utah Northern Railway Company's collateral trust mortgage, \$1,981,000 in Utah and Northern Railway Company first mortgage 7 per cent bonds held in the Union Pacific Railroad Company's 5 per cent collateral trust, and \$1,869,000 in Utah and Northern Railway Company first mortgage 7 per cent bonds, and \$79,000 in Utah Southern Railroad extension first mortgage 7 per cent bonds held in the Union Pacific Railway Company's 5 per cent collateral trust.

The floating debt of the Oregon Short Line and Utah Northern Railway Company, at the close of the year 1893, was \$4,059,676.56, an increase of about three-fourths of a million dollars since December 31, 1892. This indebtedness is carried at a cost of about \$200,000 per annum.

The following statement shows the bonds and stocks of other companies owned by the Oregon Short Line and Utah Northern Railway Company, and its other miscellaneous investments, on December 31, 1893:

Bonds and stocks.	Par value.
Bonds:	
Sanpete Valley Railway Company first-mortgage bonds.....	\$94,000.00
Union Pacific Coal Company first-mortgage bonds.....	461,000.00
	555,000.00
Stocks:	
Davis and Weber Counties Canal Company stock.....	1,250.00
Deseret Salt Company stock.....	50,000.00
Mammoth Mining Company stock.....	8,000.00
Oregon Railway and Navigation Company stock.....	12,881,000.00
Northern Pacific Terminal Company stock.....	11,215.42
Portland Chamber of Commerce stock.....	1,000.00
Pacific Iron Company stock.....	148,250.00
Union Pacific Coal Company stock.....	401,400.00
Utah Lumber and Cement Company stock.....	25,000.00
	14,580,201.67
Miscellaneous:	
Oakfield Beach real estate.....	50,000.00
Portland and Puget Sound Railroad Company certificate of indebtedness.....	\$60,345.88
Sea Pate Valley Railway Company.....	5,000.00
	1,000,745.98
Total investments (costing, as per balance sheet, \$15,613,955.15).....	16,141,947.65

There has been a notable decrease in the earnings of the properties leased from the Oregon Railway and Navigation Company for several years last past. It is generally accredited to the depression in business which has prevailed in the territory traversed by those lines and to the sharp competition brought about by the completion of competing lines of railway. The Northern Pacific, and its branches in Oregon and Washington, come in direct competition with the Oregon Railway and Navigation Company's lines, while the leased lines of the Southern Pacific Company, extending to Portland and other points in Oregon, furnish another powerful competitor for the Oregon traffic. The result has been that the operations of the Oregon Railway and Navigation Company have not been profitable enough to the Oregon Short Line and Utah Northern Railway Company to enable the latter company to pay the rental agreed upon in the lease of January 1, 1887, out of the earnings of the road. So that while the Oregon Short Line and Utah Northern Railway Company has been operating its own consolidated lines at a profit, generally, its surplus of earnings is more than balanced by its losses on the leased lines of the Oregon Railway and Navigation Company. The following table, prepared from the last annual report of the directors of the Union Pacific Railway Company, shows, in a condensed form, the result of the financial operations of the entire system of the Oregon Short Line and Utah Northern Railway Company, including the leased lines of the Oregon Railway and Navi-

gation Company, and also of each system separately, for the last five years:

Year ending December 31—	Oregon Short Line and Utah Northern.		Oregon Railway and Navigation Company.		Oregon Short Line and Utah Northern and leased lines of Oregon Railway and Navigation Company.	
	Surplus.	Deficit.	Surplus.	Deficit.	Surplus.	Deficit.
1886	\$1,026,003.51			\$736,205.82	\$289,797.69	
1887	392,507.64			1,799,190.48		\$1,396,682.84
1891	717,841.42			1,126,948.88		409,107.46
1892	744,659.75			1,504,440.86		819,781.11
1893		\$238,350.46		1,992,458.60		2,230,615.06
First 3 months 1894, excluding interest on bonds	330,687.82			79,531.10	251,156.72	

When the item of interest on bonded indebtedness is taken into consideration for the year 1894 it is readily observed that the operations of this system of roads for the first three months has been exceedingly unprofitable, and that withal the deficit of the Oregon Short Line and Utah Northern Railway Company has been largely increased by the immense falling off of the business of the Oregon Railway and Navigation Company.

2. The financial relations between the Oregon Short Line and Utah Northern Railway Company and the Oregon Railway and Navigation Company having been considered, it remains to describe the system of roads of the latter company which have been operated by the former company under the lease of January 1, 1887.

The total mileage of this system of roads, according to the last annual report of the Union Pacific directors, was 1,045.95 miles of standard gauge and 13.40 miles of narrow gauge road, making a total of 1,059.35 miles of rail lines.

The main line of this company extends from Portland, Oreg., to Huntington, in that State, a distance of 402.66 miles, where it meets the Oregon Short Line. At Pendleton and Umatilla Junction, on this main line of road, branches lead off to the north, uniting at Walla Walla, Wash., and embracing together 103.95 miles of road. From Walla Walla a line runs north to Farmington, a distance of 143.85 miles. From Farmington as a center, the Washington and Idaho Railroad, one of the leased lines of the Oregon Railway and Navigation Company, runs north to Spokane, with a branch to the east reaching Mullan and Burke, Idaho, and embracing 154.19 miles of road.

Some 68.73 miles of road embraced in the Oregon Railway and Navigation Company's system is owned by a company known as the Oregon Railway Extensions Company. The lines of this company are two short lines, one in Oregon, 20.89 miles long, running from La Grande, on the main line of the Oregon Railway and Navigation Company, northeast to Elgin; the other, in Washington, forming a link between the Oregon Railway and Navigation Company's lines at Winona Junction and the Washington and Idaho road at Seltice, this line being 47.84 miles long. The lines of the Oregon Railway Extensions Company and of the Washington and Idaho Railroad Company were leased by the Oregon Railway and Navigation Company on January 8, 1890, for a term of ninety-seven years. On the same date the respective leases were assigned to the Oregon Short Line Railway Company, which, by consolidation with other companies on August 1, 1889, had become merged

into the Oregon Short Line and Utah Northern Railway Company, as already stated.

In addition to the lines described, there are other branch lines of road belonging to the Oregon Railway and Navigation Company's system extending out from the main lines and reaching Heppner, in Oregon; Connell, Wallace, Colfax, Pomeroy, Dayton, Dixie, and Dudley, in Washington; and Moscow, in Idaho.

The capital stock of the Oregon Railway and Navigation Company is \$24,000,000, of which amount \$14,698,200 is owned by the Oregon Short Line and Utah Northern Railway Company. Its bonded indebtedness amounts to \$22,703,000. Of this amount \$4,938,000 are first-mortgage 6 per cent bonds due July 1, 1909; \$12,583,000 are consolidated first-mortgage 5 per cent bonds due June 1, 1925; and the remainder \$5,182,000 are collateral-trust 5 per cent bonds due September 1, 1919. Its floating debt is \$409,183.97.

The Oregon Railway and Navigation Company owns stock of its constituent companies of the par value of \$9,138,080, and bonds of those companies to the amount of \$5,858,700, making a total of \$14,996,780, which cost the company \$10,007,514.

The Oregon Railway Extensions Company, above referred to as a lessor company of the Oregon Railway and Navigation Company, has a capital stock of \$1,000,000, and a bonded indebtedness of its own amounting to \$1,511,580 in first-mortgage 5 per cent bonds, due September 1, 1919. The cost of this road and its fixtures was \$1,512,060, and it has accounts receivable amounting to \$999,520, as shown by the last annual report of the Union Pacific directors.

The Washington and Idaho Railroad Company, also a lessor company of the Oregon Railway and Navigation Company, as above stated, has a capital stock of \$2,308,200, and a bonded indebtedness of \$4,447,500, in first-mortgage 5 per cent bonds, due September 1, 1919. It also has a floating debt of \$168,900. The cost of this road and its fixtures was \$6,924,309.

During the period intervening since the appointment of receivers for the Union Pacific system, on October 13, 1893, the Oregon Short Line and Utah Northern Railway Company, as lessee, and the Union Pacific Railway Company, as guarantor, have failed to pay the sums due to the Oregon Railway and Navigation Company, under the lease of January 1, 1887, and accordingly the Oregon Railway and Navigation Company consolidated mortgage coupons due December 1, 1893, its collateral trust coupons due March 1, 1894, as well as the dividends on its stock, which would ordinarily have been payable in January, 1894, and in April, 1894, remain unpaid. The mortgage creditors of the Oregon Railway and Navigation Company and the minority shareholders (the Oregon Short Line and Utah Northern Railway Company being the majority shareholders) thereupon intrusted their interests to several committees to be looked after and protected. Affairs growing worse instead of better in the finances of the Oregon Railway and Navigation Company as time went on, a separate receivership for the Oregon Railway and Navigation Company system began to be considered. Accordingly, on the 3d day of July, 1894, under a decree of the United States circuit court sitting at Portland, Oreg., the entire property of the Oregon Railway and Navigation Company was placed in the hands of Mr. Edwin McNeil, as receiver.

3. The Echo and Park City Railway is a standard gauge road running south from Echo, on the main line of the Union Pacific, 40 miles east of Ogden, to Park City, 27.59 miles, with a branch 2.60 miles long from

Coalville on this line, running east to Coal Mines. It was constructed by the Union Pacific Railway Company for the purpose of tapping the coal region northeast of Salt Lake City, and the cost of the road and fixtures was \$967,058.69. Its capital stock is \$480,000, and its bonded indebtedness an equal amount in first-mortgage 6 per cent bonds due July 1, 1911. The Union Pacific Railway Company owns the entire capital stock and all the bonds of the company, and they are held by the trustees under the trust indenture of September 4, 1891.

Its floating indebtedness on December 31, 1893, was \$329,600. It has an income account and bills receivable, however, almost sufficient to wipe out its floating debt, they together amounting to \$322,541.31.

Its financial operations since 1889 show a deficit for three years as follows: 1889, \$3,067.53; 1890, \$14,201.78; 1891, \$1,818.48. For 1892 there was a surplus of \$5,237.87, and for 1893 a surplus of \$3,429.63. For the first three months of 1894 there was a surplus, excluding interest on bonds accrued but not due, of \$7,797.95.

C.—RAILWAY COMPANIES IN WHICH THE UNION PACIFIC RAILWAY COMPANY HAS A PROPRIETARY INTEREST, THE OPERATIONS OF WHICH ARE INCLUDED IN THE GENERAL INCOME STATEMENTS OF THE SYSTEM.

The companies in which the Union Pacific Railway Company has a proprietary interest, but which are operated by other companies, are the following:

- (1) Central Branch Union Pacific Railroad Company and leased lines (Atchison, Colorado and Pacific Railroad Company, and Atchison, Jewell County and Western Railroad Company).
- (2) Leavenworth, Topeka and Southwestern Railway Company.
- (3) Manhattan, Alma and Burlingame Railway Company.
- (4) Montana Union Railway Company.

1. The Central Branch Union Pacific Railroad extends from Atchison to Waterville, Kans., a distance of 100 miles. This line of road was provided for by the thirteenth section of the original act of 1862, as an extension of the Hannibal and St. Joseph Road, the land grant and bond subsidy being limited in express terms to 100 miles. This company, on December 27, 1879, leased the Atchison, Colorado and Pacific Railroad, 254.79 miles in length, and the Atchison, Jewell County and Western Railroad, 33.40 miles in length, these roads being a practical continuation westward of the lines of the Central Branch Union Pacific Railroad Company. The main line of the Atchison, Colorado and Pacific extends from Waterville, the western terminus of the Central Branch Union Pacific Road, almost due west through the northern part of Kansas to Lenora, 193.39 miles. Three branches leave this main line and form constituent parts of the Atchison, Colorado and Pacific Road. The first one is 7 miles long and extends from Greenleaf to Washington; the second, 30.80 miles long, extends from Yuma to Warwick; and the third, 23.60 miles in length, extends from Downs to Alton. The Atchison, Jewell County and Western road is properly a branch of the Atchison, Colorado and Pacific, extending from Jamestown, on the latter line, almost north 33.40 miles to Burr Oak, not far from the line between Kansas and Nebraska. The entire mileage of the Central Branch Union Pacific and its leased lines is, therefore, 388.19 miles.

The original scheme for the location of this line of road contemplated that it would connect with the line of the old Leavenworth, Pawnee and

REPORT IN THE MATTER OF THE MANAGEMENT OF THE UNION PACIFIC SYSTEM BY THE RECEIVERS, AND THE PROCEEDINGS IN THE COURTS SINCE THE RECEIVERSHIP ON OCTOBER 12, 1893.

As we have stated in the first part of this report on the Union Pacific system, this entire system of roads and other properties passed into the hands of three receivers—Messrs. S. H. H. Clark, Oliver W. Mink, and E. Ellery Anderson—on the 13th of October, 1893; and subsequently, on the petition of the Attorney-General of the United States, the court, on November 13, 1893, appointed Messrs. John W. Doane and Frederic R. Conder additional receivers. Subsequently, to wit, on the 11th of December, 1893, at the suit of John Evans, a stockholder in the Union Pacific, Denver and Gulf Railway Company, Frank Trumbull, esq., of Denver, Colo., was appointed receiver for that railway line, and the property of that company was turned over to him, as such receiver, immediately after his qualification as receiver on December 18, 1893. In the meantime, to wit, on the 24th of October, 1893, the property of the Fort Worth and Denver City Railway Company, which was generally considered a part of the Union Pacific, Denver and Gulf system, was, under an order entered in the State of Texas, placed in the hands of Messrs. Morgan Jones and John D. Moore, of Fort Worth, Tex., as receivers. So that, at the close of the year 1893, there were three independent receiverships for the properties of the Union Pacific system.

Since January 1, 1894, the operations of the lines of road over which the main receivership extended have shown an alarming decrease in earnings, and the receivers have not been able at all times, as we shall hereafter show more specifically, to pay the operating expenses of the system and meet the current obligations for interest on the funded debts of the companies. The result is that, at this time, there are two additional receiverships for other parts of the system.

The first receivership was that for the system of the Oregon Railway and Navigation Company. This was brought about under the following circumstances: The Oregon Railway and Navigation Company having made default in the payment of the interest coupons of its consolidated mortgage bonds on December 1, 1893, and June 1, 1894, as well as in the payment of its other interest obligations, the Farmers' Loan and Trust Company of New York, trustee for the bondholders under this mortgage, on the 25th of June, 1894, filed its bill in the U. S. circuit court for the district of Oregon against the Oregon Railway and Navigation Company and certain other interested defendants, praying for a foreclosure of said consolidated mortgage and for a sale of the properties of the Oregon Railway and Navigation Company covered by that mortgage, and for the appointment of a separate receiver for the Oregon Railway and Navigation Company's system of roads and properties. On the 3d of July following, the court, after due consideration of the cause, made and passed an order in that suit appointing one Edwin McNeill as receiver of all and singular the property of every description covered by the said consolidated mortgage and belonging to the Oregon Railway and Navigation Company either as the owner or lessee thereof; and on the 5th of July the receivers of the Union Pacific system turned over to the said McNeill, as receiver for the Oregon Railway and Navigation Company's system, all the property of the last-named company in their possession or under their control and took his receipt for the same.

The other receivership was a separate receivership for the Kansas Pacific and Denver Pacific lines of the Union Pacific system, and was

brought about on the 16th of July, 1894, at the suit of Russell Sage and George J. Gould, trustees for the bondholders of the Kansas Pacific consolidated mortgage bonds, issued May 1, 1879, of which there are outstanding \$11,724,000, default in the payment of the interest coupons thereon having been made on May 1, 1894. The suit was brought in the U. S. circuit court for the district of Kansas, and the receivers appointed were the three receivers originally appointed for the Union Pacific system, viz: Messrs. S. H. H. Clark, Oliver W. Mink, and E. Ellery Anderson. The court declined to appoint the two Government receivers, Messrs. John W. Doane and Frederic R. Coudert, although requested to do so by counsel for the plaintiffs in the suit. By these proceedings the Kansas Pacific was continued as a part of the Union Pacific system, but its accounts are required to be kept separate and its earnings are to be applied only in support of that line of road.

OTHER RESULTS OF A DECREASE IN THE EARNINGS OF THE UNION
PACIFIC SYSTEM.

As a further result of the decrease in earnings of the Union Pacific system, the receivers, on the 3d of January, 1894, obtained an order from the U. S. circuit court for the district of Nebraska, allowing them six months' time in which to investigate and decide upon the advisability of continuing contracts and agreements for exchange of business, etc., between the various companies of the system. As a result of the investigation made pursuant to this and other orders, the receivers, on the 5th of July, 1894, filed, in the U. S. circuit court for the district of Nebraska, their petition asking to be relieved of the obligations under certain contracts, and for further time in which to investigate, and for a later date upon which to report respecting certain other contracts between the parent company and certain of the auxiliary companies of the system. The contracts from the obligations of which the receivers asked in that petition to be relieved, and which they asked to have the privilege of rescinding, in accordance with the terms thereof, were the following, to wit:

First. The lease made on the 1st of August, 1886, for the term of nine hundred and ninety-nine years, by the Utah and Northern Railway Company, one of the constituent companies of the present Oregon Short Line and Utah Northern Railway Company, to the Montana Union Railway Company of that portion of the line of road of the lessor company extending from Garrison, Mont., via Stuart Junction and Silver Bow Junction, to Butte City, and the mines and smelting works in that vicinity.

Second. The lease made on the 1st of August, 1886, by the Montana Railway Company to the Montana Union Railway Company of its line of railway from Stuart Junction, Mont., to the town of Anaconda, and the mines, smelters, and industries in that vicinity.

Third. The agreement made and entered into on the 7th of May, 1886, between the Union Pacific Railway Company and the Northern Pacific Railroad Company, providing that those two companies should immediately secure the organization, under the laws of Montana, of the Montana Union Railway Company, the stock of which was to be owned jointly by those two companies, and which new company afterward, in accordance with the further terms of said agreement, entered into the two leases above described.

Fourth. The lease made by the Northern Pacific Terminal Company of Oregon on the 14th of December, 1882, to the Northern Pacific

Railroad Company, the Oregon Railway and Navigation Company, and the Oregon and California Railroad Company of certain terminal facilities, docks and yards, and other property, at and in the neighborhood of Portland, Oreg., for the term of fifty years, from January 1, 1883; and, also, an agreement of June 3, 1890, made and entered into between the said Northern Pacific Terminal Company, party of the first part, and the Oregon Short Line and Utah Northern Railway Company, essee of the property of the Oregon Railway and Navigation Company, the Northern Pacific Railroad Company, and the Southern Pacific Company, parties of the second part, the advantages of which agreement, so far as respects the property in charge of the receivers herein, it is claimed appertain to the lines of the Oregon Railway and Navigation Company and not to its lessor company, or to the trust estate confided to the care of said receivers.

Fifth. An agreement of October 18, 1889, between the Omaha and Republican Valley Railway Company and the Chicago, St. Paul, Minneapolis and Omaha Railway Company, for the establishment of a joint through transportation line between certain stations on their respective lines and certain stations on the lines of the Union Pacific Railway Company, the last-named company having assented to the provisions of that contract, and having agreed to be bound by it.

Sixth. The lease of January 1, 1887, by and between the Oregon Railway and Navigation Company, party of the first part, the Oregon Short Line Railway Company, party of the second part, and the Union Pacific Railway Company, party of the third part, and known as the lease of the property of Oregon Railway and Navigation Company to the Oregon Short Line Company.

Seventh. An agreement of May 1, 1890, between the Union Pacific Railway Company, the Omaha and Republican Valley Railway Company, the Salina and Southwestern Railway Company, the Chicago, Rock Island and Pacific Railway Company, and the Chicago, Kansas and Nebraska Railway Company, in the matter of the interchange of business between those companies, and the use of one another's properties by the respective companies.

Eighth. An agreement of April 30, 1890, between the Union Pacific Railway Company and the Chicago, Milwaukee and St. Paul Railway Company, in the matter of certain contract and trackage rights in and about the properties of the first-named company at Council Bluffs and Omaha and the Omaha bridge.

Ninth. An agreement of March 14, 1890, between the Union Pacific Railway Company and the then Colorado Central Railroad Company, now a constituent part of the Union Pacific, Denver and Gulf Railway Company, in the matter of certain contract and trackage rights in and about the railroad properties of the first-named company situated at Denver and other places in Colorado and Wyoming.

Tenth. An agreement of March 14, 1890, between the Omaha and Republican Valley Railway Company, the Kearney and Black Hills Railway Company, and the Union Pacific Railway Company, with respect to the construction of an extension of the line of road of the second-named company and the operations of the respective roads by and between the several companies to the agreement.

Eleventh. An agreement of December 6, 1889, between the Oregon Short Line and Utah Northern Railway Company and the Union Pacific Railway Company, in the matter of the operation of the lines of railway owned by said companies, respectively, so far as the public and the Government are concerned, as continuous lines, and, so far

as reasonable, without change of cars, and without discriminations as to rates or otherwise in favor of any other railway lines as against each other.

Twelfth. An agreement of October 13, 1890, by and between the Oregon Short Line and Utah Northern Railway Company and the Great Northern Railway Company, in the matter of the construction, by those two companies jointly, of a railroad between Portland, Oreg., and Seattle, Wash., in the name of the Portland and Puget Sound Railroad Company.

Thirteenth. An agreement of April 1, 1890, by and between the Union Pacific, Denver and Gulf Railway Company and the Union Pacific Railway Company, in the matter of the operation of the railroads of those two companies as one continuous line without discrimination in favor of any other line of road as against each other.

Fourteenth. An agreement of July 1, 1885, by and between the St. Joseph and Grand Island Railroad Company and the Union Pacific Railway Company, in the matter of the harmonious operation of the roads of those companies, and with respect to the division of the joint earnings of the roads of those companies.

Fifteenth. An agreement of January 1, 1887, by and between the Kansas City and Omaha Railroad Company, the St. Joseph and Grand Island Railroad Company, and the Union Pacific Railway Company, in the matter of the operation of the respective lines of road of said companies as one continuous line of road, without discrimination in favor of any other line of road as against any one of these companies.

Sixteenth. An agreement of December 31, 1891, by and between the Union Pacific Railway Company and the trustees under the second or income mortgage of the St. Joseph and Grand Island Railroad Company, in the matter of the operation of the lines of the St. Joseph and Grand Island and the Kansas City and Omaha railroad companies as a single line, so far as possible under other existing agreements.

Seventeenth. An agreement of August 1, 1888, by and between the Union Pacific, Lincoln and Colorado Railway Company and the Union Pacific Railway Company, in the matter of the operation of the lines of the two companies as one continuous line, without discrimination in favor of any other line of road as against each other.

Eighteenth. A contract of March 15, 1890, by and between the Union Pacific Railway Company, acting for itself and also on behalf of all its Kansas and Nebraska auxiliary companies, and Messrs. F. H. Harvey & Co., a copartnership of Minneapolis, Minn., in the matter of the shipment of grain over the lines of said companies.

Upon the filing of this petition, Judge Sanborn, one of the circuit judges for that circuit, entered an order setting the hearing thereon for July 19, 1894, at St. Paul. This hearing was afterwards continued without setting a definite date therefor, to give certain interested parties a longer time in which to prepare their answers, and it has not yet taken place, so far as your committee is advised.

In the meantime, and because also of the great falling off of business of the various lines of road belonging to the system, the receivers, on or about June 21, 1894, filed their petition in the circuit court of the United States for the district of Nebraska asking for "instructions as to the continuance of the operations of certain of the lines in the Union Pacific system whose earnings appear to be insufficient to pay their operating expenses and taxes." There are twelve roads specified in this petition as being in the above category, to wit:

The Carbon Cut Off Railway,
The Brighton and Boulder Branch Railway,

The Junction City and Fort Kearney Railway,
The Omaha and Republican Valley Railway,
The Salina and Southwestern Railway,
The Denver, Leadville and Gunnison Railway,
The Kansas Central Railway,
The Kansas City and Omaha Railway,
The Atchison, Colorado and Pacific Railroad,
The Atchison, Jewell County and Western Railroad,
The Washington and Idaho Railroad, and
The Oregon Railway Extensions Line.

Of these railway lines the receivers say that, in their opinion, but two of them, viz, the Denver, Leadville and Gunnison and the Kansas Central should be dropped from the system, and not continue to be operated by them as receivers of the Union Pacific system. With respect to the Kansas City and Omaha line and the lines of the Atchison, Colorado and Pacific, and the Atchison, Jewell County and Western (the two latter lines being leased to the Central Branch Union Pacific) the receivers make no recommendation, but content themselves with stating the facts in relation to the operations of those roads. While, as to the other roads specified, the receivers say that, in their opinion, their operation by the receivers as a part of the Union Pacific should be continued, because the interchanged business originating and terminating on those branch lines produce a considerable amount of net earnings to the Union Pacific Company.

Hearing on this petition was set down for July 19, 1894, before Judge Sanborn, at St. Paul. Your committee have not been as yet advised of the disposition made of this matter, excepting that in a recent issue of the Railway Age, the statement is made that the Denver, Leadville and Gunnison Railway has been dropped from the Union Pacific system and has been amalgamated with the Union Pacific, Denver and Gulf Railway, now in the hands of Mr. Frank Trumbull, as receiver, as above stated.

There have also been some other proceedings in the courts affecting the unity of the system of roads turned over to the receivers on the 13th of October, 1893, and also certain other defaults in the payment of the interest coupons as they fell due from time to time. These matters will now be noticed.

A controversy having arisen between the receiver of the Union Pacific, Denver and Gulf Railway Company and the receivers of the Union Pacific Railway Company respecting the operation of what is familiarly known as the "Julesburg Branch" of the Colorado Central Railroad Company, now a part of the Union Pacific, Denver and Gulf system, and respecting, also, the matter of accounting between these systems of roads for their joint operations both before and after the receivership of October 13, 1893, the U. S. circuit court, on hearing, directed the receivers of the Union Pacific system to continue to operate said Julesburg Branch and send their trains over it in the same manner in which they had theretofore done; and by certain orders filed in the U. S. circuit court for the district of Colorado on February 12 and 14, 1894, respectively, and in the U. S. circuit court for the district of Wyoming on February 14 and 24, 1894, respectively, decided all of those matters relating to the controversy between said receivers in favor of the contention of the receiver of the Union Pacific, Denver and Gulf Railway Company.

On petition for rehearing all these matters came before the U. S. circuit court held by both Judge Caldwell and Judge Sanborn, sitting at Omaha, on March 26, 1894, and by an order and decree filed in the

circuit court of the United States for the district of Colorado, on March 30, 1894, and in the circuit court of the United States for the district of Wyoming, on April 6, 1894, the former order of court directing the receivers of the Union Pacific Railway Company to operate the said Julesburg Branch as they had theretofore operated it was rescinded and set aside; and the other orders of the court above mentioned, relative to the relations and accounts between the receivers of the Union Pacific Railway Company and the receiver of the Union Pacific, Denver and Gulf Railway Company, were also rescinded and set aside; and the claims of the respective companies against each other on each and every account accruing prior to October 13, 1893, and all the claims arising under the respective receiverships, and against the other, accruing since that date, were referred to a special master appointed in the case, to be determined and reported on by him to the U. S. circuit court for the district of Nebraska. So far as your committee is advised the special master has not yet made his report on the matters in controversy.

There have been two slight additions, either completed or in process of construction, to the system of roads since the 1st of January, 1894. The first was built under an order of the circuit court dated January 3, 1894, authorizing the receivers of the Union Pacific system to construct and operate a spur track from the Eureka line of the Oregon Short Line and Utah Northern Railway Company's railroad to the mill of the Mammoth Mining Company, about 9,600 feet in length, with the necessary sidings of the estimated length of about 400 feet, at an estimated cost of \$22,518. On June 29, 1894, upon petition setting forth that the trackage accommodation at Mammoth, Utah, was still insufficient to accommodate the business originating at the Mammoth and Copperopolis mines at that place, the receivers obtained an order from Judge Dundy giving them authority to construct and operate additional tracks at that place at a cost of not to exceed \$7,500. So far as your committee is advised no report has yet been made of the actual cost of these constructions, or, indeed, as to whether they have been completed.

The second addition was that of the Boise City Railway and Terminal Company's property at Boise City, Idaho. This was made under an order of court dated January 29, 1894, confirming the action of the receivers of the Union Pacific system in advancing certain sums to complete the railway lines and terminal plant of the Boise City Railway and Terminal Company and to secure to the Union Pacific Railway Company its equitable interest therein, and authorizing the Terminal Company to mortgage its plant for the security of the Union Pacific Railway Company by two issues of bonds, each issue amounting to not more than \$80,000, which the Union Pacific Railway Company was authorized to sell at not less than 85 per cent of their par value, and out of the proceeds thereof reimburse itself for the moneys which had been, and might thereafter be, advanced for the completion of the Terminal Company's plant; authorizing the receivers of the Union Pacific Railway Company to secure the title to the capital stock of the Terminal Company then issued; and further authorizing the Terminal Company to amend its articles of incorporation so as to provide for an additional issue of capital stock of \$80,000, for the purpose of reimbursing the Union Pacific Railway Company for any sums that might be expended by the receivers in the interest of the Terminal Company, and of raising funds to be devoted to the uses and purposes of the Terminal Company in the transaction of its necessary business.

Another matter affecting the system of roads relates to the leases held by the Montana Union Railway Company of certain roads in Montana belonging to the Montana Railway Company and the Oregon Short Line and Utah Northern Railway Company, as consolidated. The Montana Union Railway Company having defaulted in the payment of the rentals due to the lessor companies, under the leases of August 1, 1886, which have been particularly described in our main report on the Union Pacific system, the receivers of the Union Pacific system filed their petition in the U. S. circuit court for the district of Nebraska, asking for leave to institute suits against the lessee company for the recovery of moneys due under said leases, and for leave to retake the leased property; and under date of May 19, 1894, obtained an order from Judge Sanborn giving them the authority prayed for. Your committee have not, as yet, been advised as to what has been done by the receivers under the aforesaid order.

OTHER PROCEEDINGS.

It will be remembered that a large amount of the stock and bonds of the Union Pacific, Denver and Gulf Railway Company, and its constituent companies, are owned by the Union Pacific Railway Company, and are held by the trustees under the trust indenture of September 4, 1891, with power in the trustees to sell the same whenever and at such prices as they might deem to be the best interests of the trust estate; and that there is now a separate receivership of the Union Pacific, Denver and Gulf system, it having been brought about at the suit of John Evans, one of the principal stockholders in that railway company. Growing out of these relationships, Evans, on the 4th of June, 1894, filed his petition in the circuit court of the United States for the district of Colorado, setting up the matters and things set up in his original petition on which the receivership for the Gulf system was granted, and praying that he might have leave to bring an ancillary suit in New York City against the trustees under said trust indenture, and others, for the purpose of protecting his alleged rights in the premises. On the same day Judge Hallett, in Colorado, issued the order prayed for in that petition. Your committee have not as yet been advised as to what proceedings have taken place under that order.

DEFAULTS IN INTEREST.

From newspaper reports your committee are enabled to report that defaults have occurred in the payment of interest on the first-mortgage bonds of the Oregon Short Line, due August 1, 1894, amounting to nearly \$15,000,000; and also on the first-mortgage bonds of the St. Joseph and Grand Island Railroad Company, due May 1, 1894, amounting to nearly \$7,000,000. Beyond these, your committee have no information, excepting in an unofficial way. We have some general information that default has been made in the payment of interest on the first-mortgage bonds of the old Union Pacific, underlying the Government debt, but are as yet unable to report officially thereon.

August 28, 1894.

Subsequent developments in the matter of the Union Pacific Railway Company's indebtedness and the management of the road are sufficiently stated in a memorial dated January 14, 1895, addressed to Congress, and which is as follows, to wit:

UNION PACIFIC RAILWAY COMPANY.

LETTER

FROM

THE ATTORNEY-GENERAL,

TRANSMITTING,

Pursuant to House resolution dated the 5th instant, information relative to the Union Pacific Railway Company.

APRIL 17, 1894.—Referred to the Committee on the Pacific Railroads and ordered to be printed.

DEPARTMENT OF JUSTICE,
Washington, D. C., April 11, 1894.

SIR: In reply to the resolution of the House of Representatives of the 3th instant, by which I am requested to inform the House—

What action, if any, has been taken by the special counsel for the United States in Union Pacific Railway Company matters to test, so far as the United States is affected, the validity of the proceedings by which the road of said company was put in the hands of receivers;

Whether any effort has been made to secure the appointment of receivers to represent the interests of the United States in the management of said road, and what steps, if any, said counsel has taken to protect the same;

Whether the receivers in charge of said Union Pacific Railroad were not appointed on the suggestion of the officers and directors thereof; and

Whether existing laws are sufficient to enable the Department of Justice to secure and protect the indebtedness due by said company to the United States.

I have the honor to submit herewith copy of a letter from the special counsel, the Hon. George Hoadly, of New York, the contents of which answer fully and particularly the several inquiries above stated.

I also transmit herewith the documents referred to in said letter, to wit: Copy of the original bill for the appointment of receivers and copy of the petition which resulted in the appointment of two additional receivers.

Respectfully,

RICHARD OLNEY,
Attorney-General.

The SPEAKER OF THE HOUSE OF REPRESENTATIVES.

APRIL 9, 1894.

MY DEAR SIR: Your letter of the 7th, inclosing resolution of the House of Representatives passed the 5th of the present month, is at hand and contents noted.

On the 17th of October last you appointed me a special assistant to the Attorney-General in the matter of the receivership of the Union Pacific Railroad and all matters growing out of the same or connected therewith. I took the necessary oath of the office, forwarded it to your Department on the same day, and at once entered upon the performance of the duties of the position.

You have been kept fully informed, from time to time, of all that has been done under this appointment, but, by way of résumé, I have now the honor to report:

First. That the interests of the United States in the Union Pacific Railway have not been legally affected by anything done in the action wherein receivers of that railway have been appointed, for the reason that the United States have not been made a party to such proceedings.

I have not, without your special direction, which I have not received, felt authorized to enter the appearance of the United States in any of the thirteen suits in which said receivers have been appointed, said suits being pending primarily in the district of Nebraska, and for ancillary purposes in the districts of Massachusetts, New York, western Missouri, Kansas, southern Iowa, Wyoming, Colorado, Montana, Idaho, Washington, Oregon, and the third judicial district of the Territory of Utah.

As the legal interests of the United States, no part of whose lien will mature until November 1, 1895, could not be affected unless it should enter its appearance in court, the next question which arose was as to the bearing of the receivership upon the practical interests of the United States. This depended upon the character of the receivers and the maintenance of the property by them in the highest condition which their earnings might permit.

With a view to giving the United States the amplest control of the property possible under existing circumstances, and under your direction, an effort was made to secure the control of the receivership in the interests of the United States. This was finally accomplished, after much negotiation, by the concession on the part of the gentlemen having control of the suits in which the receivers were appointed of two additional receivers believed to be wholly disinterested, to be nominated by you.

For this purpose you selected Mr. John W. Doane, one of the Government directors in the present board, and Mr. Frederic R. Coudert, who served as a Government director from 1885 to 1889. Mr. E. Ellery Anderson, one of the Government directors of the present board, having been originally appointed, this insured the selection of a majority of the receivers from gentlemen who had filled or were filling the office of Government directors and whose character and relations to the property were such as to insure that the United States would be amply protected in all its interests. The appointment of these gentlemen and the giving of the necessary bonds in so many States and the Territory of Utah involved much delay, and it was not until the latter part of December that the same was fully accomplished.

It is only proper to add that during the negotiations which resulted in these appointments I became satisfied, and subsequent events have confirmed my opinion, that Mr. S. H. Clark, former president of the company, and Mr. Oliver W. Mink, its former vice-president and

comptroller, while designated for the positions of receivers by gentlemen not especially interested in protecting the United States, are men of such high character and great capacity as that their selection can not be regarded with anything but satisfaction. Mr. Clark is a railroad manager of very great experience, and Mr. Mink has long been comptroller of the company, and has a knowledge of its affairs such as no other man in this country possesses. It is believed that it would have been difficult to manage the affairs of more than 8,000 miles of railway if the positions of receivers had all been filled by new and untried men.

Secondly. Upon the question whether the receivers in charge of the said Union Pacific Railway were not appointed on the suggestion of the officers and directors thereof, I have to say that I presume Mr. Clark and Mr. Mink were appointed on the suggestion of the officers and directors of the road. They were themselves two of the principal officers, Mr. Clark being president, Mr. Mink vice-president and comptroller. Mr. Anderson was selected, as I am informed and believe, at the instance of the said officers and directors and other parties taken into counsel by them because he was then a Government director and had been one of the three commissioners appointed by President Cleveland under the act of March 3, 1887, to investigate the affairs of such railroads as had received aid from the United States Government, and in this capacity had become exceedingly familiar with the history and business of the Union Pacific Railway, as is shown by the report of the majority of the commission (E. Ellery Anderson and David T. Littler), communicated by the President to Congress on the 17th of January, 1888.

Thirdly. You are requested to inform the House "what steps, if any, the special counsel appointed by you has taken to protect the interests of the United States."

Before the appointment of the two additional receivers, my attention had been called by Receivers Anderson and Mink to the litigation pending in Colorado, brought by John Evans against the Union Pacific Railway Company and others, for the purpose of severing the Union Pacific, Denver and Gulf Railway from the Union Pacific Railway by the appointment of separate receivers, and I was requested by them to assist them in resisting such separation.

Having examined the proceedings with care I came to the conclusion that they seriously threatened the interests of the United States, and I therefore directed my associate, Joel T. Vaile, esq., of Colorado (employed by myself), to unite with counsel for the receivers in behalf of the United States in resisting the application of Governor Evans for the appointment of separate receivers.

I regret to say this application prevailed, and Mr. Frank Trumbull was appointed and took possession of the Union, Denver and Gulf Railroad from Denver to Texline, on the northern boundary line of the State of Texas, as receiver of that property. The consequence had been anticipated by the receivers of the Union Pacific Railway, viz, that the Union, Denver and Gulf was converted into a railway competing for business with the Union Pacific, although both properties are largely owned (practically) by the United States.

Out of this receivership grew a controversy in which my assistance was solicited by the receivers of the Union Pacific Railway and very willingly conceded. The receiver of the Union Pacific, Denver and Gulf claimed that under what is known as the "traffic agreement" it was the duty of the receivers of the Union Pacific to carry into effect

the provisions of the traffic agreement both as to the possession and use of the property and as to interest upon the debts of the Union Pacific, Denver and Gulf.

Judge Hallett, sitting in Colorado, held both these positions in favor of the Union Pacific, Denver and Gulf Company.

Believing, first, that the order with regard to interest involved the payment of interest out of the Union Pacific treasury upon liens on the Union Pacific, Denver and Gulf in excess of moneys earned by such receivers from the use of the Union Pacific, Denver and Gulf property, while they were in possession thereof, and before its delivery to its separate receiver, which interest accrued upon liens junior to the larger liens represented by the receivers of the Union Pacific Railway Company, I advised an appeal from Judge Hallett's order, and am glad to say that upon the hearing of the appeal, the order was reversed. To this result my learned associate (employed by myself), Gen. J. C. Cowin, of Omaha, contributed, as I am led to believe, important services.

The same is the history of the other portion of this controversy, that relating to the use of the property under the traffic agreement.

By the terms of the traffic agreement, dated April 1, 1890, and supplement thereto, dated July 5, 1893, these two railway companies, then controlled in the same interest, agreed that their lines of railroad should be operated as one continuous line in harmony and never in hostility or in the interest of any other line to the injury of either; that all traffic between the East and Denver should pass over the line of the Union Pacific, Denver and Gulf between Julesburg and Lasalle, except such as might come by way of the Kansas Pacific. That the earnings should be divided in proportion to distance, except that neither party shall be required to accept a less proportion in the division of the joint rate than 20 per cent; that the Union Pacific, Denver and Gulf Company should maintain and operate its roads in working order and keep them fully equipped and apply all its net earnings in payment of interest on first mortgage bonds, and the residue to dividends on its stock, and that it should join with the Union Pacific and with the Denver, Leadville and Gunnison Railroad Company in erecting shops for the joint use of said companies in the city of Denver, at an expense of not less than \$500,000; that the Union Pacific Company should guarantee the payment of coupons on first mortgage bonds of the Union Pacific, Denver and Gulf Company.

It is unnecessary to make further recapitulation of the contents of this agreement. The separate receiver of the Union Pacific, Denver and Gulf Company was appointed December 12 and took possession December 18 of the property of that company, and has since operated it free from the supervision and control of the receivers of the Union Pacific Company.

Thereupon the receivers of the Union Pacific Company repudiated the contracts in question and refused to continue in the performance thereof. Upon an application to Judge Hallett, of the district court of the United States for the district of Colorado, they were directed to continue in the performance of the traffic agreement and to operate the Julesburg branch. Upon appeal to Judges Caldwell and Sanborn, of the circuit court of appeals, after full hearing, this order of Judge Hallett was reversed, and the order directing the receivers of the Union Pacific Railway to operate the Julesburg branch was rescinded and the receivers of both companies were authorized to "negotiate and agree upon a fair and just traffic arrangement, carefully considering the interests of the public as well as that of the real parties they respec-

tively represent," and if unable to do so, to submit their differences to the court for adjustment.

It has been my opinion and practice from the beginning to assist the receivers in every possible way when called upon, either by advice in consultation or by the furnishing of necessary legal services whenever required, which, if unable to do in person, I have employed others, of capacity, to perform for me, keeping you advised, from time to time, of every thing I have done.

Fourthly. As to the remaining question submitted by the House of Representatives, viz: "Whether existing laws are sufficient to enable the Department of Justice to secure and protect the indebtedness due by the said company to the United States," I have the honor to report, that, as you are already well aware, additional legislation will be necessary for this purpose.

Believing this, soon after the date of my appointment by you, I prepared a bill, which I submitted to you, as containing part, at least, of the legislation which, in my judgment, was necessary.

At or about the same date a committee of reorganization was selected by some of the parties representing junior and other interests in the property, who employed counsel, and legislation has been proposed by said counsel.

We have had many conferences, in some of which you have taken part. As yet, we have not been able to agree upon legislation which seemed to the parties, yourself and me on the one side and the attorneys of the reorganization committee on the other, to be suitable to work out the desired result.

You have, therefore, prepared, with some assistance from me, a bill which is nearly, if not quite, ready to be submitted to Congress.

The legal gentlemen representing the committee of reorganization, Messrs. Francis Lynde Stetson, John W. Simpson, and Victor Morawetz, of this city, have likewise prepared a bill for the same purpose.

Whenever it be necessary to go into the points of difference between the two bills, if we fail to reconcile them, of which I have not yet given up all hope, they can be easily explained.

I have made this letter longer than you may think strictly necessary, in order that I might surely contribute all the assistance in my power to a full detailed answer to the questions submitted to you.

That this letter may be complete, I inclose a copy of the bill under which Messrs. Clark, Mink, and Anderson were originally appointed receivers, and of the petition filed by me, in your name, under which Messrs. Coudert and Doane were appointed receivers.

I am, with great respect, yours, truly,

GEO. HOADLY,

Special Assistant Attorney-General.

HON. RICHARD OLNEY,
Attorney-General, Washington, D. C.

BILL OF COMPLAINT.—IN EQUITY.

CIRCUIT COURT OF THE UNITED STATES FOR THE EIGHTH JUDICIAL DISTRICT OF NEBRASKA.

Oliver Ames, Second, and Samuel Carr, executors of the last will and testament of Frederick L. Ames, deceased, and Edwin F. Atkins and Peter B. Wyckoff, complainants, v. The Union Pacific Railway Company; The Atchison, Colorado and Pacific Railway Company; The Atchison, Jewell County and Western Railroad Company; The Boulder Valley and Central City Wagon Road Company; The Bozeman Coal Company; The Calloway Improvement Company; The Carbon Cut-Off Railway Company; The Central Branch Union Pacific Railroad Company; The Denver, Leadville and Gunnison Railway Company; The Green River Water Works Company; The Junction City and Fort Kearney Railway Company; The Kansas Central Railroad Company; The Kansas City and Omaha Railroad Company; The Kearney and Black Hills Railway Company; The Laramie, North Park and Pacific Railroad and Telegraph Company; The Lawrence and Emporia Railway Company; The Loveland Pass Mining and Railroad Tunnel Company; The Montana Railway Company; The Morrison Stone, Lime, and Town Company; The Omaha and Republican Valley Railway Company; The Oregon Railway and Navigation Company; The Oregon Short Line and Utah Northern Railway Company; The St. Joseph and Grand Island Railroad Company; The Salina and Southwestern Railway Company; The Solomon Railroad Company; The Union Land Company; The Union Pacific, Denver and Gulf Railway Company; The Union Pacific, Lincoln and Colorado Railway Company, and The Union Pacific Coal Company, defendants.

To the honorable the Judges of the said Court in Equity Sitting:

Your orators above named, suing for themselves and also for all other parties similarly situated who may desire to become complainants herein, bring this bill of complaint against The Union Pacific Railway Company; The Atchison, Colorado and Pacific Railway Company; The Atchison, Jewell County and Western Railroad Company; The Boulder Valley and Central City Wagon Road Company; The Bozeman Coal Company; The Calloway Improvement Company; The Carbon Cut-Off Railway Company; The Central Branch Union Pacific Railroad Company; The Denver, Leadville and Gunnison Railway Company; The Green River Water Works Company; The Junction City and Fort Kearney Railway Company; The Kansas Central Railroad Company; The Kansas City and Omaha Railroad Company; Kearney and Black Hills Railway Company; The Laramie, North Park and Pacific Railroad and Telegraph Company; The Lawrence and Emporia Railway Company; The Loveland Pass Mining and Railroad Tunnel Company; The Montana Railway Company; The Morrison Stone, Lime, and Town Company; The Omaha and Republican Valley Railway Company; The Oregon Railway and Navigation Company; The Oregon Short Line and Utah Northern Railway Company; The St. Joseph and Grand Island Railroad Company; The Salina and Southwestern Railway Company; The Solomon Railroad Company; The Union Land Company; The Union Pacific, Denver and Gulf Railway Company; The Union Pacific, Lincoln and Colorado Railway Company, and The Union Pacific Coal Company.

And thereupon your orators complain and say:

That Frederick L. Ames, late of the State of Massachusetts, and prior and up to the time of his decease a citizen of said State, departed this life on or about the 13th day of September, 1893, leaving an estate both real and personal to be administered in the said State of Massachusetts, and also leaving a last will and testament duly executed; that Oliver Ames, second, and Samuel Carr are the executors named in the said will, and said last-named persons have been duly appointed as executors of the said last will and testament of the said Frederick L. Ames, deceased, by an order duly made by the probate court in and for the county of Bristol, in the State of Massachusetts; and on the 19th day of September, 1893, said executors duly qualified and entered upon the performance of their duties as such executors. That as executors of Frederick L. Ames, late of Easton, in the State of Massachusetts, they are the holders and owners of more than 10,000 shares of the capital stock of the defendant, The Union Pacific Railway Company; of more than 5,000 shares of the capital stock of the defendant, The Oregon Short Line and Utah Northern Railway Company; of more than 5,000 shares of the capital stock of the defendant, The Union Pacific, Denver and Gulf Railway Company, and of about 1,500 shares of the capital stock of the defendant, The Oregon Railway and Navigation Company; and also as such executors the owners and holders of considerable amounts of collateral trust 6 per cent bonds of the Union Pacific Railroad Company; of collateral trust three-year 6 per cent notes of the Union Pacific Railway Company; of 5 per cent

bonds of the Union Pacific, Denver and Gulf Railway Company; of 6 per cent bonds of the Fort Worth and Denver City Railway Company; of 6 per cent bonds of the Oregon Short Line Railway Company; of 5 per cent bonds of the Oregon Short Line and Utah Northern Railway Company; of 7 per cent bonds of the Utah Southern Railway Company, and of 6 per cent bonds of the Idaho Central Railroad Company, all of which were held and owned by said Frederick L. Ames at the time of his decease. The said several instruments and obligations under and by virtue of which said notes and bonds were issued and are outstanding are more specifically described hereinafter. And complainants beg leave hereafter upon any hearing of this cause to make proof thereof when the same may become material or necessary.

Your orators further aver that the complainant, Peter B. Wyckoff, is the holder and owner of numerous shares of stock of the said Union Pacific Railway Company, and the complainant, Edwin F. Atkins, is the owner of numerous shares of the said Union Pacific Railway Company and of the Union Pacific, Denver and Gulf Company, and is also the holder and owner of certain bonds and securities of certain of the defendant companies named above, the precise character and amounts of each of which your orators stand willing and ready fully to show to the court upon any hearing herein. And your orators aver that the said Oliver Ames, second, and the said Samuel Carr and the said Edwin F. Atkins are all of them residents and citizens of the State of Massachusetts, and the said Peter B. Wyckoff is a resident and citizen of the State of New York.

Second. That the defendant, The Union Pacific Railway Company, is a corporation created by and existing under certain laws of the United States, to wit, an act of Congress entitled "An act to aid in the construction of a railroad and telegraph line from the Missouri River to the Pacific Ocean, and to secure to the Government the use of the same for postal, military, and other purposes," approved July 1, 1862; also an act of Congress amendatory thereof, approved July 2, 1864, and other acts of the Congress of the United States amendatory and supplemental thereto.

The said Union Pacific Railway Company was formed on or about the 24th day of January, 1880, under and by virtue of the powers and provisions contained in the said several acts of Congress by the consolidation of the Union Pacific Railroad Company, The Kansas Pacific Railway Company, and the Denver Pacific Railway and Telegraph Company; each of said railway and telegraph companies being named and described in said acts; and the said Union Pacific Railway Company, so created by consolidation, as aforesaid, thereupon became the successor of each of the said constituent companies, and thereby became vested with all the rights, titles, interests, properties and franchises of each of the said constituent companies. The said Union Pacific Railway Company, as well also as the Union Pacific Railroad Company, were, by the said several acts of Congress, authorized to construct, maintain, and operate a railroad and telegraph line from the State of Iowa in a westerly direction through the States of Nebraska, Wyoming, and into the Territory of Utah; and the said Kansas Pacific Railway Company was authorized to construct a line of railroad from Missouri in a westerly direction through the State of Kansas and into the State of Colorado to the City of Denver, and the said Denver Pacific Railway and Telegraph Company was authorized to construct a railroad from the said City of Denver through the States of Colorado and Wyoming to Cheyenne in said last-named State. The said Union Pacific Railway Company resides in and has and maintains a principal place of business at Omaha, in the State and district of Nebraska. And your orators beg leave to refer to each and every of the said acts of Congress as if incorporated herein.

The defendant the Atchison, Colorado and Pacific Railroad Company is a corporation formed and existing under and by virtue of the laws of the State of Kansas, owning a line of railroad in said State, and is a citizen of said State of Kansas.

The Atchison, Jewell County and Western Railroad Company is an incorporation organized and existing under and by virtue of the laws of the State of Kansas, owning a line of railroad therein, and is a citizen of said State.

The Boulder Valley and Central City Wagon Road Company is an incorporation organized and existing under and by virtue of the laws of the State of Colorado, owning a roadway therein, and is a citizen of said State.

The Bozeman Coal Company is an incorporation organized and existing under and by virtue of the laws of the State of Montana, owning coal mines and property therein, and is a citizen of said State.

The Callaway Improvement Company is a corporation organized and existing under and by virtue of the laws of the State of Nebraska, engaged in railway construction and real estate enterprises therein, and is a citizen of said State.

The Carbon Cut-Off Railway Company is an incorporation of the State of Wyoming, owning a line of railroad therein, and is a citizen of said State.

The Central Branch Union Pacific Railroad Company is an incorporation organized and existing under and by virtue of the laws of the State of Kansas, owning a line of railroad therein, and is a citizen of said State.

II. Ex. 29—50

The Denver, Leadville and Gunnison Railway Company is an incorporation of the State of Colorado, owning a line of railroad therein, and is a citizen of said State.

The Green River Water Works Company is an incorporation of the State of Wyoming, owning a water-supply plant and works therein, and is a citizen of said State.

The Junction City and Fort Kearney Railway Company is an incorporation of the State of Kansas, owning a line of railroad therein, and is a citizen of said State.

The Kansas Central Railroad Company is a corporation organized and existing under the laws of the State of Kansas, owning a line of railroad therein, and is a citizen of said State.

The Kansas City and Omaha Railroad Company is a corporation organized and existing under and by virtue of the laws of the State of Nebraska, owning a line of railroad therein, and is a citizen of said State.

The Kearney and Black Hills Railway Company is a corporation organized and existing under and by virtue of the laws of the State of Nebraska, owning a line of railroad therein, and is a citizen of said State.

The Laramie, North Park and Pacific Railroad and Telegraph Company is a corporation organized and existing under and by virtue of the laws of the State of Wyoming, owning a line of railroad therein, and is a citizen of said State.

The Lawrence and Emporia Railway Company is a corporation organized and existing under and by virtue of the laws of the State of Kansas, owning a line of railroad therein, and is a citizen of said State.

The Loveland Pass Mining and Railroad Tunnel Company is a corporation organized and existing under and by virtue of the laws of the State of Colorado, engaged in the construction of a railroad and mining tunnel therein, and is a citizen of said State.

The Montana Railway Company is a corporation organized and existing under and by virtue of the laws of the State of Montana, owning a line of railroad therein, and is a citizen of said State.

The Morrison Stone, Lime and Town Company is a corporation organized and existing under and by virtue of the laws of the State of Colorado, engaged in a general business therein, and is a citizen of said State.

The Omaha and Republican Valley Railway Company is a corporation formed by the consolidation of certain other corporations under and by virtue of the laws of the State of Nebraska, as well as under and by virtue of the laws of the State of Kansas. The said railway company owns a line of railroad in both of said States, and is a citizen of the State of Nebraska, as well also as the State of Kansas.

The Oregon Railway and Navigation Company is a corporation organized and existing under and by virtue of the laws of the State of Oregon, owning a line of railroad therein, and is a citizen of said State.

The Oregon Short Line and Utah Northern Railway Company is a corporation formed by the consolidation of certain other corporations under and by virtue of the laws of the State of Wyoming, as well as under and by virtue of certain acts of the Congress of the United States, owning a line of railroad in the States of Wyoming, Idaho, and Montana, and in the Territory of Utah, and said consolidated corporation so formed, organized, and existing as aforesaid is a citizen of the said State of Wyoming.

The St. Joseph and Grand Island Railroad Company is a corporation formed and existing under and by virtue of the laws of the State of Kansas, reincorporated also as a corporation under and by virtue of the laws of the State of Nebraska, owning a line of railroad in both of said States. The said corporation is a citizen of the State of Kansas, as well, also, as a citizen of the State of Nebraska.

The Salina and Southwestern Railway Company is a corporation formed by the consolidation of certain other corporations, under and by virtue of the laws of the State of Kansas, owning a line of railroad therein, and is a citizen of said State.

The Solomon Railroad Company is a corporation organized and existing under and by virtue of the laws of the State of Kansas, owning a line of railroad therein, and is a citizen of said State.

The Union Land Company is a corporation organized and existing under and by virtue of the laws of the State of Nebraska, engaged in a general land business therein, and is a citizen of said State.

The Union Pacific, Denver and Gulf Railway Company is a corporation formed by the consolidation of certain other corporations under and by virtue of the laws of the State of Colorado as well as under and by virtue of the laws of the State of Wyoming. Said consolidated corporation owns a line of railroad in both of said States, as well, also, as in the Territory of New Mexico, and is a citizen of the State of Colorado, and a citizen of the State of Wyoming.

The Union Pacific, Lincoln and Colorado Railway Company is a corporation formed by the consolidation of certain other corporations under and by virtue of the laws of the State of Kansas, owning a line of railroad therein, and is a citizen of said State.

The Union Pacific Coal Company is a corporation formed and existing under and by virtue of the laws of the State of Wyoming, engaged in a general coal mining and sales business in said State, as well also in Colorado and Utah, and is a citizen of said State of Wyoming.

Your orators, in alleging the incorporation, organization, and citizenship of each of the said parties defendant as aforesaid, further say that the manner and character of operation of the said several lines of railroad owned by the said several defendants is more fully and specifically set out and described hereinafter.

Third. The defendant The Union Pacific Railway Company is a corporation created and existing under the laws of the United States, to wit, an act of Congress of the United States, entitled "An act to aid in the construction of a railroad and telegraph line from the Missouri River to the Pacific Ocean, and to secure to the Government the use of the same for postal, military, and other purposes," approved July 1, 1862, and an act of Congress approved July 2, 1864, being an act to amend the above-mentioned act, and other acts and amendments to the said acts enacted by the Congress of the United States. The said Union Pacific Railway Company is a consolidated corporation formed on or about January 24, 1880, by articles of union and consolidation entered into between the Union Pacific Railroad Company, the Kansas Pacific Railway Company, and the Denver Pacific Railway and Telegraph Company, created or mentioned and described in and by the aforesaid acts of Congress. The said consolidated corporation, to wit, the Union Pacific Railway Company, owns a line of railway extending from Council Bluffs, in the State of Iowa, westerly through the States of Nebraska and Wyoming into the Territory of Utah to Ogden, a distance of about 1,042 miles; and also a certain line of railway extending from Kansas City, in the State of Missouri, westerly through the State of Kansas, and into the State of Colorado to Denver, a distance of about 639 miles; and also a certain line of railway extending from Denver, in the State of Colorado, in a northerly direction to Cheyenne, in the State of Wyoming, a distance of about 106 miles; together with certain terminal extensions and spur tracks used in connection therewith, making a total mileage of 1,829 miles or thereabouts. Your orators beg leave to refer to each and all of the said acts of Congress, and all acts of Congress relating to the said railroads, the same as if incorporated herein.

Fourth. The defendant The Union Pacific Railway Company is also the owner of a large amount in value of the shares of stock and bonds of various corporations owning branch or connecting railway and telegraph lines, through the ownership whereof, and by contracts and arrangements wherewith, it is enabled to and does control the business and property of the said corporations, as hereinafter stated, to the great advantage of itself and its creditors and security holders.

Your orators state that the said constituent companies which formed the said defendant company the Union Pacific Railway Company prior to said consolidation, and the Union Pacific Railway Company, subsequent to said consolidation, with a view to increase their traffic and business and to protect the value of their property and franchises, invested their earnings or other means in the bonds and shares of certain connecting railroad companies in Iowa, Nebraska, Missouri, Kansas, Colorado, Wyoming, Utah, and other States; that such investments were made with the assent of the Government directors and the U. S. Auditor and Commissioner of Railroads, and were regularly reported by the last-named officers to the Congress of the United States. In pursuance of this policy, and for the purposes aforesaid, the defendant the Union Pacific Railway Company owns, controls or operates, as hereinafter stated, the following-named roads which connect with the said Union Pacific Railway Company, are tributary to it and form part of its system of railways known as the Union Pacific system of railways, to wit:

1. The railroad of the Omaha and Republican Valley Railway Company, situated in the States of Nebraska and Kansas, having a total mileage of 482.05 miles. The capital stock of said Omaha and Republican Valley Railway Company now issued and outstanding is \$2,401,023.77, all of which is owned by the said Union Pacific Railway Company, and is now pledged under a certain trust indenture of September 4, 1891, hereinafter more specifically referred to and described. The Omaha and Republican Valley Railroad Company, which was merged into and became part of the said Omaha and Republican Valley Railway Company by consolidation, as hereinbefore stated, issued and disposed of its first mortgage bonds dated July 1, 1879, due July 1, 1909, in the sum of \$1,559,000, with interest at the rate of 7 per cent, payable in January and July. The trustees named in the said mortgage are Peter P. Wyckoff and Benjamin F. Ham. And the said Omaha and Republican Valley Railway Company issued and disposed of its consolidated first mortgage bonds to the amount of \$3,136,000, dated February 15, 1887, due March 1, 1927, interest at the rate of 5 per cent. The trustee named in said mortgage is the American Loan and Trust Company of Boston. And also issued and disposed of its extension first mortgage bonds in the sum of \$1,246,000, dated May 1, 1887, due May 1, 1927, interest 5 per cent. The trustee named in said mortgage is the American Loan and Trust

Company of Boston. Of the above-mentioned bonds there are pledged in the 6 per cent collateral trust of the Union Pacific Railroad Company of July 1, 1879, \$887,000 of the Omaha and Republican Valley Railroad Company bonds, and in the 5 per cent Collateral Trust of the Union Pacific Railway Company of April 2, 1883, hereinafter mentioned, \$589,000 of the Omaha and Republican Valley Railroad Company bonds, and \$1,859,000 of the Omaha and Republican Valley Railway Company said consolidated first-mortgage bonds. The said American Loan and Trust Company of Boston, trustee for certain mortgage creditors of the Kansas Pacific Railway Company, holds \$636,000 of said Omaha and Republican Valley Railway Company consolidated first-mortgage bonds. The trustees under the said trust indenture of September 4, 1891, hold \$41,000 of Omaha and Republican Valley Railroad Company bonds, \$460,000 Omaha and Republican Valley Railway Company consolidated first-mortgage bonds, and \$2,246,000 of Omaha and Republican Valley Railway Company extension bonds. All of the said stocks and bonds so pledged as aforesaid are the absolute property of the Union Pacific Railway Company, subject to the trusts created by the said several indentures whereby the same were pledged, as aforesaid; the voting power on said stocks being in the Union Pacific Railway Company while it is not in default under the aforesaid indentures whereby the said stocks were pledged.

2. The railroad of the Union Pacific, Denver and Gulf Railway Company, including the Fort Worth and Denver City Railway Company and the Pan-Handle Company situate in the States of Colorado, Wyoming, and Texas and in the Territory of New Mexico, the total mileage of the roads owned and operated under contract and trackage rights is 1,463.23 miles.

The total amount of Union Pacific, Denver and Gulf Railway Company consolidated mortgage bonds, issued and outstanding, is \$15,714,000, of which the Union Pacific Railway Company owns \$7,262,000. Of the bonds thus owned, \$7,189,000 are held by the trustees under the trust indenture of September 4, 1891, and \$73,000 are held in the trust created for the benefit of the mortgage creditors of the Kansas Pacific Railway Company.

In addition to the above bonds, the Union Pacific Railway Company owns \$4,719,000 in the first-mortgage 7 per cent bonds of the Colorado Central Railroad Company, one of the constituent companies forming part of the Union Pacific, Denver and Gulf Railway Company. Of these bonds, \$1,795,000 are held in the Union Pacific 6 per cent collateral trust, \$1,202,000 in the 5 per cent collateral trust, \$1,392,000 are held by the trustees under the trust indenture of September 4, 1891, and \$197,000 are in the trust created for the benefit of the mortgage creditors of the Kansas Pacific Railway Company.

The Union Pacific Railway Company also owns \$13,251,882 of a total issue of \$32,634,482 Union Pacific, Denver and Gulf stock. The stock thus owned is held by the trustees under the trust indenture of September 4, 1891.

The Union Pacific, Denver and Gulf Railway Company owns \$944,000 of its own consolidated first-mortgage bonds, \$65,000 Colorado Central Railroad Company first-mortgage 7 per cent bonds, \$101,000 of the Union Pacific Coal Company first-mortgage 5 per cent bonds, and \$100,700 of the capital stock of the Union Pacific Coal Company. These bonds and stock, excepting the Colorado Central bonds, were pledged with the Union Pacific Railway Company as collateral for advances made by that company for account of this company, with the power in the Union Pacific Railway Company to rehypothecate or sell the same, and they have been deposited by that company with the trustees under the trust indenture of September 4, 1891.

The Union Pacific, Denver and Gulf Railway Company owns \$3,406,800 of its own stock, and \$7,766,000 of the capital stock of \$9,375,000 of the Fort Worth and Denver City Railway Company. It also owns \$218,000 Pan-Handle Railway Company first-mortgage 5 per cent bonds of a total issue of \$225,000; and \$160,000 Fort Worth and Denver City Railway Company equipment trust 5 per cent bonds, all that are outstanding; and \$5,000 Fort Worth and Denver City Railway Company 6 per cent bonds. The Pan-Handle and Fort Worth and Denver City companies bonds thus owned are held by the trustee of the Union Pacific, Denver and Gulf Railway Company consolidated mortgage as part security for the bonds issued thereunder.

All of the said stocks and bonds so pledged as aforesaid are the absolute property of the Union Pacific Railway Company, subject to the trusts created by the said several indentures whereby the same were pledged, as aforesaid, the voting power on said stocks being in the Union Pacific Railway Company, while it is not in default under the aforesaid indentures whereby the said stocks were pledged.

3. The railroad of the consolidated railway company known as the Oregon Short Line and Utah Northern Railroad Company and its leased and operated lines, situated in the States of Wyoming, Idaho, Montana, Nevada, and Oregon, and in the Territory of Utah. Said company has constructed and acquired or owns 1,424.84 miles of railroads, and operates under lease the railway of the Oregon Railway and Navigation Company, 1,059.33 miles, making a total of 2,484.17 miles of owned, leased, and operated lines.

The stock of the Oregon Short Line and Utah Northern Railway Company is limited to \$27,000,000. On December 31, 1892, the amount outstanding, including the stock of constituent companies not then exchanged, was \$26,244,853.32, of which the Union Pacific Railway Company owned \$15,116,703.33. All of the stock owned by the Union Pacific Railway Company, excepting \$1,000 in amount, is held by the trustees under the trust indenture of September 4, 1891.

The Oregon Short Line and Utah Northern Railway Company owns \$14,508,200, out of a total issue of \$24,000,000, of the stock of the Oregon Railway and Navigation Company. Of the stock thus owned, \$13,000,000 is held by the trustee under the collateral trustee indenture of the Oregon Short Line and Utah Northern Railway Company, and \$487,300 is held by the same trustee as an investment for the sinking fund established thereunder. The balance of the stock thus owned (\$1,021,000) is pledged with the Union Pacific Railway Company, with power in that company to rehypothecate or sell the same. The stock just pledged with the Union Pacific Railway Company is deposited with the trustees under that company's trust indenture of September 4, 1891.

The amount of collateral trust bonds outstanding on December 31, 1892, was \$13,000,000. Of the bonds thus outstanding, the Union Pacific Railway Company owned \$2,837,500, which are held by the trustees under that company's trust indenture of September 4, 1891.

The amount of Oregon Short Line and Utah Northern Railway Company consolidated first-mortgage bonds outstanding on December 31, 1892, was \$11,024,000. Of these the Union Pacific Railway Company owns \$932,000. That company also owns \$4,420,000 in Utah and Northern Railway Company first-mortgage 7 per cent bonds; \$418,000 in Utah Southern Railroad Company first-mortgage 7 per cent bonds; \$982,000 in Utah Southern Railroad extension first-mortgage 7 per cent bonds; and \$85,000 in Idaho Central Railway Company first-mortgage 6 per cent bonds.

The Oregon Short Line and Utah Northern Railway Company owns the following bonds of its own issues:

Oregon Short Line and Utah Northern Railway Company consolidated 5 per cent bonds	\$1,814,000
Idaho Central Railway Company first-mortgage 6 per cent bonds	1,000
Utah Central Railway Company first-mortgage 6 per cent bonds	1,000

At the close of 1892 the Oregon Short Line and Utah Northern Railway Company was indebted to the Union Pacific Railway Company in the sum of \$4,066,500.57. Against this, it had pledged with that company, with the power in the Union Pacific to rehypothecate or sell, \$1,750,000 in Oregon Short Line and Utah Northern Railway Company consolidated 5 per cent bonds; \$1,021,000 in Oregon Railway and Navigation Company stock; \$411,000 in Union Pacific Coal Company first-mortgage 5 per cent bonds, and \$461,400 in Union Pacific Coal Company stock. The Oregon Short Line and Utah Northern Railway Company had also pledged with the Union Pacific Railway Company, with the power in that company to rehypothecate or sell, \$712,000 in Oregon Railway and Navigation Company consolidated mortgage 5 per cent bonds, and \$1,057,000 in Oregon Railway and Navigation Company collateral trust 5 per cent bonds. These bonds were owned by the Oregon Railway and Navigation Company, which company was in turn indebted to the Oregon Short Line and Utah Northern Railway Company for moneys advanced in the construction of the Washington and Idaho Railroad, the road of the Oregon Railway Extensions Company, and for additional equipment furnished for, and betterments made on, the lines of the Oregon Railway and Navigation Company. The bonds and stock thus pledged with the Union Pacific Railway Company were by that company deposited with the trustees under the trust indenture of September 4, 1891.

All of the said stocks and bonds so pledged, as aforesaid, are the absolute property of the Union Pacific Railway, subject to the trusts created by the said several indentures, whereby the same were pledged as aforesaid; the voting power on said stocks being in the Union Pacific Railway Company while it is not in default under the aforesaid indentures, whereby the said stocks were pledged.

The Oregon Railway and Navigation Company under an indenture of lease dated January 1, 1887, leased its said railroads to the Oregon Short Line Railway Company, which is now a constituent company of the said Oregon Short Line and Utah Northern Railway Company. The Union Pacific Railway Company was a party to the said indenture. Said indenture was subsequently, in some respects, modified. On or about December 6, 1889, the Oregon Short Line and Utah Northern Railway Company entered into a perpetual agreement with the Union Pacific Railway Company granting to it certain perpetual rights, privileges, and easements, and also agreeing with it for the interchange of business, in consideration whereof the Union Pacific Railway Company guaranteed the obligations of the Oregon Short Line and Utah Northern Railway Company, as hereinafter more fully stated. By the provisions of said lease and traffic agreements, and by reason of ownership of stock, the

railroad of the said Oregon Railway and Navigation Company is controlled and operated by the Union Pacific Railway Company as part of its system of railroads. The said lease of the Oregon Railway and Navigation Company to the said Oregon Short Line Railway Company includes the railroads of the Oregon Extension Company situated in the States of Washington and Oregon, 68.73 miles in length, which was itself leased to the Oregon Railway and Navigation Company on January 8, 1890, for a term of ninety-seven years. The said lease of the said Oregon Railway and Navigation Company to the Oregon Short Line Company also covered the railroad of the Washington and Idaho Railroad Company, situated in the States of Washington and Idaho, 151.21 miles in length, which was itself leased to the Oregon Railway and Navigation Company on January 8, 1890, for the term of ninety-seven years, and said two last mentioned railroads are in the possession of and controlled and operated by the Union Pacific Railway Company as part of its system, as hereinbefore stated.

Also the railroads of the Cascade Railroad Company, situated in the State of Washington, six miles in length. This road is operated under a lease to the Oregon Railway and Navigation Company, which said lease was assigned to the Oregon Short Line Railway Company on May 10, 1887, of which last-named company the Oregon Short Line and Utah Northern Railroad Company is successor by consolidation, as hereinbefore stated.

Also the railroads of the Columbia and Palouse Railroad Company, 144.81 miles in length, situated in the States of Washington and Idaho. Said railroad is operated under lease to the Oregon Railway and Navigation Company, which said lease was assigned to the Oregon Short Line Railway Company May 10, 1887.

Also the narrow-gauge railroad of the Mill Creek Flume and Manufacturing Company, 13.41 miles in length, situate in the State of Washington. This railroad is owned by the Oregon Railway and Navigation Company, and is subject to and operated under the terms of the lease from the said Oregon Railway and Navigation Company to the Oregon Short Line and Utah Northern Railway Company, hereinbefore described.

Also the railroad of the Walla Walla and Columbia River Railroad Company, 35.52 miles in length, situate in the State of Washington. This road is held and operated under the lease to the Oregon Railway and Navigation Company, which said lease was assigned by the last-named company to the Oregon Short Line Railway Company, on May 10, 1887. All of which said railroads under lease, as hereinbefore stated, to the said Oregon Railway and Navigation Company are subject to the terms and conditions of the general lease, hereinbefore referred to, executed by the said Oregon Railway and Navigation Company to the said Oregon Short Line Company, and all of said roads are operated and controlled by the Union Pacific Railway Company by virtue of its ownership of the stock of the said Oregon Short Line and Utah and Northern Railway Company, as well also as by virtue of the said several leases and instruments hereinbefore more specifically described.

Also, the Northern Pacific Terminal Company, of Oregon. The issued capital stock of this company is \$3,000,000, divided into 30,000 shares. Nine shares are owned by directors, and the remainder is held by the Central Trust Company, of New York, in trust for the Oregon Railway and Navigation Company, the Northern Pacific Railroad Company, and the Oregon and California Railroad Company, which said last-named company is operated and controlled by the Southern Pacific Railroad Company. This Terminal Company has issued its fifty-year 6 per cent first mortgage bonds, dated January 1, 1882, to the amount of \$3,600,000; and the said Oregon Railway and Navigation Company and the said Oregon Short Line and Utah Northern Railway Company have entered into an agreement with the other owners of the stock of the said Terminal Company by which the said Oregon Short Line and Utah Northern Railway Company as lessee of the Oregon Railway and Navigation Company is bound to pay its proportion of the interest and sinking-fund charges on said bonds. The property of this Terminal Company is now occupied and used by the said Oregon Short Line and Utah Northern Railway Company as lessee of the said Oregon Railway and Navigation Company under and by virtue of the terms of the leases and agreements hereinbefore more specifically referred to.

4. The railroad of the Union Pacific, Lincoln and Colorado Railway Company, 225.35 miles in length, in the State of Kansas. There is outstanding \$1,997,800 of capital stock, all of which is owned by the defendant, The Union Pacific Railway Company, and is held in pledge under the said trust indenture of September 4, 1891. Said company has issued its first-mortgage 5 per cent bonds, due April 1, 1918, the same being secured by a mortgage to the American Loan and Trust Company, of Boston, trustee, dated August 1, 1888, delivered November 7, 1888, for \$4,445,000. The American Loan and Trust Company, trustee for the benefit of the mortgage creditors of the Kansas Pacific Railway Company, holds \$74,000 of said last-mentioned bonds, the balance of which are afloat. And by the terms of an agreement between the said Union Pacific, Lincoln and Colorado Railway Company and the Union Pacific Railway Company, dated August 1, 1888, delivered November 7, 1888,

pany; the Union Pacific, Lincoln and Colorado Railway Company; and the Union Pacific Coal Company, thereby commanding each of them, at a certain time and under a certain penalty therein to be named, personally to be and appear before this honorable court, then and there to answer all and singular the matters aforesaid, but without oath, all answers under oath being hereby expressly waived according to the practice and under the rules of this court, and to stand and abide by and perform such order, direction, and decree as shall be made herein, and as to your honors shall seem equitable and just.

2. That the court will fully administer the trust fund in which your orators are interested, constituting the entire railroad system, lands, and assets of the said defendant corporation, the Union Pacific Railway Company, and will for such purpose marshal all its assets and ascertain the several respective liens and priorities existing upon each and every part of all the said system of railway and property and the amount due upon each and every part of such mortgages or other liens, and enforce and decree the rights, liens, and equities of each and all the stockholders and bondholders and creditors of the said defendants and of each of them, as the same may be finally ascertained and decreed by the court upon the respective interventions or applications of each and every of such stockholder, creditor, or lienor, in and to not only said lines of railroad, appurtenances, equipments, lands, and property, but also to and upon each and every portion of the assets and property of each of the said corporations.

3. That, for the purpose of enforcing the liens and equities of the holders of the loans and of the floating debt of the said defendant, the Union Pacific Railway Company, and of the respective stockholders, bondholders, lien-holders, and general creditors of each of the said defendants and of each of the companies embraced in, or operated as, a part of the said system, as well as to preserve the unity of said system as it has been for years maintained and operated, and preventing the disruption thereof by separate executions, attachments, and sequestrations, the occurrence of which will be unavoidable in view of the defaults already made and the inevitable defaults in interest and other payments which will soon occur, your orators pray that this court will forthwith appoint one or more receivers of the entire system of railroads held, controlled, leased, or operated by, or in the interest or for the benefit of, the said defendant, the Union Pacific Railway Company, and of all the equipments, material, machinery, supplies, moneys, accounts, choses in action, shares of stock, bonds, property, and assets of every description, and wheresoever situated, and of all said lands and land grants, leasehold, contractual rights, and property belonging to the said defendant, the Union Pacific Railway Company, as well also as all those belonging to each of the defendants herein, and those of each of the said several companies controlled, leased, or operated by, for, or in the interest of said Union Pacific Railway Company, as a part of, or in connection with, said system, with authority to manage and operate the same; and that each of the defendants and the officers, managers, superintendents, agents, and employes of each of the defendants be required forthwith to deliver up the possession of all and singular each and every part of the said property, over which the receivers shall be appointed, wherever situate; also all books of accounts, office vouchers, and papers in any way relating to the business or operation of said system of railways; and for an injunction restraining perpetually and during the pendency of this suit each of the defendants and every of the officers, directors, managers, superintendents, agents, and employes of each of the defendants, and all persons whomsoever, from interfering in any way whatever with the possession and control of the receivers over any part of said property.

4. And that your orators may have such other and further relief as to the court may seem proper, and as may be necessary to fully enforce the rights and equities of your orators and of all other creditors and stockholders of the defendant corporations.

Solicitors for the Complainants.

Of Counsel for the Complainants.

UNITED STATES OF AMERICA, District of ———, ss.

———, being duly sworn, deposes and says that he is one of the complainants above named; that he has read the foregoing bill of complaint and knows the contents thereof, and that the same are true of his own knowledge, except as to the matters therein stated to be alleged on information and belief, and as to those matters he believes it to be true.

Sworn to before me this ——— day of ———, 1893.

[SEAL.]

UNION PACIFIC RAILWAY COMPANY.

LETTER

FROM

THE ATTORNEY-GENERAL,

TRANSMITTING,

Pursuant to House resolution dated the 5th instant, information relative to the Union Pacific Railway Company.

APRIL 17, 1894.—Referred to the Committee on the Pacific Railroads and ordered to be printed.

DEPARTMENT OF JUSTICE,
Washington, D. C., April 11, 1894.

SIR: In reply to the resolution of the House of Representatives of the 3th instant, by which I am requested to inform the House—

What action, if any, has been taken by the special counsel for the United States in Union Pacific Railway Company matters to test, so far as the United States is affected, the validity of the proceedings by which the road of said company was put in the hands of receivers;

Whether any effort has been made to secure the appointment of receivers to represent the interests of the United States in the management of said road, and what steps, if any, said counsel has taken to protect the same;

Whether the receivers in charge of said Union Pacific Railroad were not appointed on the suggestion of the officers and directors thereof; and

Whether existing laws are sufficient to enable the Department of Justice to secure and protect the indebtedness due by said company to the United States.

I have the honor to submit herewith copy of a letter from the special counsel, the Hon. George Hoadly, of New York, the contents of which answer fully and particularly the several inquiries above stated.

I also transmit herewith the documents referred to in said letter, to wit: Copy of the original bill for the appointment of receivers and copy of the petition which resulted in the appointment of two additional receivers.

Respectfully,

RICHARD OLNEY,
Attorney-General.

The SPEAKER OF THE HOUSE OF REPRESENTATIVES.

APRIL 9, 1894.

MY DEAR SIR: Your letter of the 7th, inclosing resolution of the House of Representatives passed the 5th of the present month, is at hand and contents noted.

On the 17th of October last you appointed me a special assistant to the Attorney-General in the matter of the receivership of the Union Pacific Railroad and all matters growing out of the same or connected therewith. I took the necessary oath of the office, forwarded it to your Department on the same day, and at once entered upon the performance of the duties of the position.

You have been kept fully informed, from time to time, of all that has been done under this appointment, but, by way of résumé, I have now the honor to report:

First. That the interests of the United States in the Union Pacific Railway have not been legally affected by anything done in the action wherein receivers of that railway have been appointed, for the reason that the United States have not been made a party to such proceedings.

I have not, without your special direction, which I have not received, felt authorized to enter the appearance of the United States in any of the thirteen suits in which said receivers have been appointed, said suits being pending primarily in the district of Nebraska, and for ancillary purposes in the districts of Massachusetts, New York, western Missouri, Kansas, southern Iowa, Wyoming, Colorado, Montana, Idaho, Washington, Oregon, and the third judicial district of the Territory of Utah.

As the legal interests of the United States, no part of whose lien will mature until November 1, 1895, could not be affected unless it should enter its appearance in court, the next question which arose was as to the bearing of the receivership upon the practical interests of the United States. This depended upon the character of the receivers and the maintenance of the property by them in the highest condition which their earnings might permit.

With a view to giving the United States the amplest control of the property possible under existing circumstances, and under your direction, an effort was made to secure the control of the receivership in the interests of the United States. This was finally accomplished, after much negotiation, by the concession on the part of the gentlemen having control of the suits in which the receivers were appointed of two additional receivers believed to be wholly disinterested, to be nominated by you.

For this purpose you selected Mr. John W. Doane, one of the Government directors in the present board, and Mr. Frederic R. Coudert, who served as a Government director from 1885 to 1889. Mr. E. Ellery Anderson, one of the Government directors of the present board, having been originally appointed, this insured the selection of a majority of the receivers from gentlemen who had filled or were filling the office of Government directors and whose character and relations to the property were such as to insure that the United States would be amply protected in all its interests. The appointment of these gentlemen and the giving of the necessary bonds in so many States and the Territory of Utah involved much delay, and it was not until the latter part of December that the same was fully accomplished.

It is only proper to add that during the negotiations which resulted in these appointments I became satisfied, and subsequent events have confirmed my opinion, that Mr. S. H. H. Clark, former president of the company, and Mr. Oliver W. Mink, its former vice-president and

comptroller, while designated for the positions of receivers by gentlemen not especially interested in protecting the United States, are men of such high character and great capacity as that their selection can not be regarded with anything but satisfaction. Mr. Clark is a railroad manager of very great experience, and Mr. Mink has long been comptroller of the company, and has a knowledge of its affairs such as no other man in this country possesses. It is believed that it would have been difficult to manage the affairs of more than 8,000 miles of railway if the positions of receivers had all been filled by new and untried men.

Secondly. Upon the question whether the receivers in charge of the said Union Pacific Railway were not appointed on the suggestion of the officers and directors thereof, I have to say that I presume Mr. Clark and Mr. Mink were appointed on the suggestion of the officers and directors of the road. They were themselves two of the principal officers, Mr. Clark being president, Mr. Mink vice-president and comptroller. Mr. Anderson was selected, as I am informed and believe, at the instance of the said officers and directors and other parties taken into counsel by them because he was then a Government director and had been one of the three commissioners appointed by President Cleveland under the act of March 3, 1887, to investigate the affairs of such railroads as had received aid from the United States Government, and in this capacity had become exceedingly familiar with the history and business of the Union Pacific Railway, as is shown by the report of the majority of the commission (E. Ellery Anderson and David T. Littler), communicated by the President to Congress on the 17th of January, 1888.

Thirdly. You are requested to inform the House "what steps, if any, the special counsel appointed by you has taken to protect the interests of the United States."

Before the appointment of the two additional receivers, my attention had been called by Receivers Anderson and Mink to the litigation pending in Colorado, brought by John Evans against the Union Pacific Railway Company and others, for the purpose of severing the Union Pacific, Denver and Gulf Railway from the Union Pacific Railway by the appointment of separate receivers, and I was requested by them to assist them in resisting such separation.

Having examined the proceedings with care I came to the conclusion that they seriously threatened the interests of the United States, and I therefore directed my associate, Joel T. Vaile, esq., of Colorado (employed by myself), to unite with counsel for the receivers in behalf of the United States in resisting the application of Governor Evans for the appointment of separate receivers.

I regret to say this application prevailed, and Mr. Frank Trumbull was appointed and took possession of the Union, Denver and Gulf Railroad from Denver to Texline, on the northern boundary line of the State of Texas, as receiver of that property. The consequence had been anticipated by the receivers of the Union Pacific Railway, viz, that the Union, Denver and Gulf was converted into a railway competing for business with the Union Pacific, although both properties are largely owned (practically) by the United States.

Out of this receivership grew a controversy in which my assistance was solicited by the receivers of the Union Pacific Railway and very willingly conceded. The receiver of the Union Pacific, Denver and Gulf claimed that under what is known as the "traffic agreement" it was the duty of the receivers of the Union Pacific to carry into effect

the provisions of the traffic agreement both as to the possession and use of the property and as to interest upon the debts of the Union Pacific, Denver and Gulf.

Judge Hallett, sitting in Colorado, held both these positions in favor of the Union Pacific, Denver and Gulf Company.

Believing, first, that the order with regard to interest involved the payment of interest out of the Union Pacific treasury upon liens on the Union Pacific, Denver and Gulf in excess of moneys earned by such receivers from the use of the Union Pacific, Denver and Gulf property, while they were in possession thereof, and before its delivery to its separate receiver, which interest accrued upon liens junior to the larger liens represented by the receivers of the Union Pacific Railway Company, I advised an appeal from Judge Hallett's order, and am glad to say that upon the hearing of the appeal, the order was reversed. To this result my learned associate (employed by myself), Gen. J. C. Cowin, of Omaha, contributed, as I am led to believe, important services.

The same is the history of the other portion of this controversy, that relating to the use of the property under the traffic agreement.

By the terms of the traffic agreement, dated April 1, 1890, and supplement thereto, dated July 5, 1893, these two railway companies, then controlled in the same interest, agreed that their lines of railroad should be operated as one continuous line in harmony and never in hostility or in the interest of any other line to the injury of either; that all traffic between the East and Denver should pass over the line of the Union Pacific, Denver and Gulf between Julesburg and Lasalle, except such as might come by way of the Kansas Pacific. That the earnings should be divided in proportion to distance, except that neither party shall be required to accept a less proportion in the division of the joint rate than 20 per cent; that the Union Pacific, Denver and Gulf Company should maintain and operate its roads in working order and keep them fully equipped and apply all its net earnings in payment of interest on first mortgage bonds, and the residue to dividends on its stock, and that it should join with the Union Pacific and with the Denver, Leadville and Gunnison Railroad Company in erecting shops for the joint use of said companies in the city of Denver, at an expense of not less than \$500,000; that the Union Pacific Company should guarantee the payment of coupons on first mortgage bonds of the Union Pacific, Denver and Gulf Company.

It is unnecessary to make further recapitulation of the contents of this agreement. The separate receiver of the Union Pacific, Denver and Gulf Company was appointed December 12 and took possession December 18 of the property of that company, and has since operated it free from the supervision and control of the receivers of the Union Pacific Company.

Thereupon the receivers of the Union Pacific Company repudiated the contracts in question and refused to continue in the performance thereof. Upon an application to Judge Hallett, of the district court of the United States for the district of Colorado, they were directed to continue in the performance of the traffic agreement and to operate the Julesburg branch. Upon appeal to Judges Caldwell and Sanborn, of the circuit court of appeals, after full hearing, this order of Judge Hallett was reversed, and the order directing the receivers of the Union Pacific Railway to operate the Julesburg branch was rescinded and the receivers of both companies were authorized to "negotiate and agree upon a fair and just traffic arrangement, carefully considering the interests of the public as well as that of the real parties they respec-

tively represent," and if unable to do so, to submit their differences to the court for adjustment.

It has been my opinion and practice from the beginning to assist the receivers in every possible way when called upon, either by advice in consultation or by the furnishing of necessary legal services whenever required, which, if unable to do in person, I have employed others, of capacity, to perform for me, keeping you advised, from time to time, of every thing I have done.

Fourthly. As to the remaining question submitted by the House of Representatives, viz: "Whether existing laws are sufficient to enable the Department of Justice to secure and protect the indebtedness due by the said company to the United States," I have the honor to report, that, as you are already well aware, additional legislation will be necessary for this purpose.

Believing this, soon after the date of my appointment by you, I prepared a bill, which I submitted to you, as containing part, at least, of the legislation which, in my judgment, was necessary.

At or about the same date a committee of reorganization was selected by some of the parties representing junior and other interests in the property, who employed counsel, and legislation has been proposed by said counsel.

We have had many conferences, in some of which you have taken part. As yet, we have not been able to agree upon legislation which seemed to the parties, yourself and me on the one side and the attorneys of the reorganization committee on the other, to be suitable to work out the desired result.

You have, therefore, prepared, with some assistance from me, a bill which is nearly, if not quite, ready to be submitted to Congress.

The legal gentlemen representing the committee of reorganization, Messrs. Francis Lynde Stetson, John W. Simpson, and Victor Morawetz, of this city, have likewise prepared a bill for the same purpose.

Whenever it be necessary to go into the points of difference between the two bills, if we fail to reconcile them, of which I have not yet given up all hope, they can be easily explained.

I have made this letter longer than you may think strictly necessary, in order that I might surely contribute all the assistance in my power to a full detailed answer to the questions submitted to you.

That this letter may be complete, I inclose a copy of the bill under which Messrs. Clark, Mink, and Anderson were originally appointed receivers, and of the petition filed by me, in your name, under which Messrs. Coudert and Doane were appointed receivers.

I am, with great respect, yours, truly,

GEO. HOADLY,

Special Assistant Attorney-General.

HON. RICHARD OLNEY,
Attorney-General, Washington, D. C.

BILL OF COMPLAINT.—IN EQUITY.

CIRCUIT COURT OF THE UNITED STATES FOR THE EIGHTH JUDICIAL DISTRICT OF NEBRASKA.

Oliver Ames, Second, and Samuel Carr, executors of the last will and testament of Frederick L. Ames, deceased, and Edwin F. Atkins and Peter B. Wyckoff, complainants, v. The Union Pacific Railway Company; The Atchison, Colorado and Pacific Railway Company; The Atchison, Jewell County and Western Railroad Company; The Boulder Valley and Central City Wagon Road Company; The Bozeman Coal Company; The Calloway Improvement Company; The Carbon Cut-Off Railway Company; The Central Branch Union Pacific Railroad Company; The Denver, Leadville and Gunnison Railway Company; The Green River Water Works Company; The Junction City and Fort Kearney Railway Company; The Kansas Central Railroad Company; The Kansas City and Omaha Railroad Company; The Kearney and Black Hills Railway Company; The Laramie, North Park and Pacific Railroad and Telegraph Company; The Lawrence and Emporia Railway Company; The Loveland Pass Mining and Railroad Tunnel Company; The Montana Railway Company; The Morrison Stone, Lime, and Town Company; The Omaha and Republican Valley Railway Company; The Oregon Railway and Navigation Company; The Oregon Short Line and Utah Northern Railway Company; The St. Joseph and Grand Island Railroad Company; The Salina and Southwestern Railway Company; The Solomon Railroad Company; The Union Land Company; The Union Pacific, Denver and Gulf Railway Company; The Union Pacific, Lincoln and Colorado Railway Company, and The Union Pacific Coal Company, defendants.

To the honorable the Judges of the said Court in Equity Sitting:

Your orators above named, suing for themselves and also for all other parties similarly situated who may desire to become complainants herein, bring this bill of complaint against The Union Pacific Railway Company; The Atchison, Colorado and Pacific Railway Company; The Atchison, Jewell County and Western Railroad Company; The Boulder Valley and Central City Wagon Road Company; The Bozeman Coal Company; The Calloway Improvement Company; The Carbon Cut-Off Railway Company; The Central Branch Union Pacific Railroad Company; The Denver, Leadville and Gunnison Railway Company; The Green River Water Works Company; The Junction City and Fort Kearney Railway Company; The Kansas Central Railroad Company; The Kansas City and Omaha Railroad Company; Kearney and Black Hills Railway Company; The Laramie, North Park and Pacific Railroad and Telegraph Company; The Lawrence and Emporia Railway Company; The Loveland Pass Mining and Railroad Tunnel Company; The Montana Railway Company; The Morrison Stone, Lime, and Town Company; The Omaha and Republican Valley Railway Company; The Oregon Railway and Navigation Company; The Oregon Short Line and Utah Northern Railway Company; The St. Joseph and Grand Island Railroad Company; The Salina and Southwestern Railway Company; The Solomon Railroad Company; The Union Land Company; The Union Pacific, Denver and Gulf Railway Company; The Union Pacific, Lincoln and Colorado Railway Company, and The Union Pacific Coal Company.

And thereupon your orators complain and say:

That Frederick L. Ames, late of the State of Massachusetts, and prior and up to the time of his decease a citizen of said State, departed this life on or about the 13th day of September, 1893, leaving an estate both real and personal to be administered in the said State of Massachusetts, and also leaving a last will and testament duly executed; that Oliver Ames, second, and Samuel Carr are the executors named in the said will, and said last-named persons have been duly appointed as executors of the said last will and testament of the said Frederick L. Ames, deceased, by an order duly made by the probate court in and for the county of Bristol, in the State of Massachusetts; and on the 19th day of September, 1893, said executors duly qualified and entered upon the performance of their duties as such executors. That as executors of Frederick L. Ames, late of Easton, in the State of Massachusetts, they are the holders and owners of more than 10,000 shares of the capital stock of the defendant, The Union Pacific Railway Company; of more than 5,000 shares of the capital stock of the defendant, The Oregon Short Line and Utah Northern Railway Company; of more than 5,000 shares of the capital stock of the defendant, The Union Pacific, Denver and Gulf Railway Company, and of about 1,500 shares of the capital stock of the defendant, The Oregon Railway and Navigation Company; and also as such executors the owners and holders of considerable amounts of collateral trust 6 per cent bonds of the Union Pacific Railroad Company; of collateral trust three-year 6 per cent notes of the Union Pacific Railway Company; of 5 per cent

bonds of the Union Pacific, Denver and Gulf Railway Company; of 6 per cent bonds of the Fort Worth and Denver City Railway Company; of 6 per cent bonds of the Oregon Short Line Railway Company; of 5 per cent bonds of the Oregon Short Line and Utah Northern Railway Company; of 7 per cent bonds of the Utah Southern Railway Company, and of 6 per cent bonds of the Idaho Central Railroad Company, all of which were held and owned by said Frederick L. Ames at the time of his decease. The said several instruments and obligations under and by virtue of which said notes and bonds were issued and are outstanding are more specifically described hereinafter. And complainants beg leave hereafter upon any hearing of this cause to make proof thereof when the same may become material or necessary.

Your orators further aver that the complainant, Peter B. Wyckoff, is the holder and owner of numerous shares of stock of the said Union Pacific Railway Company, and the complainant, Edwin F. Atkins, is the owner of numerous shares of the said Union Pacific Railway Company and of the Union Pacific, Denver and Gulf Company, and is also the holder and owner of certain bonds and securities of certain of the defendant companies named above, the precise character and amounts of each of which your orators stand willing and ready fully to show to the court upon any hearing herein. And your orators aver that the said Oliver Ames, second, and the said Samuel Carr and the said Edwin F. Atkins are all of them residents and citizens of the State of Massachusetts, and the said Peter B. Wyckoff is a resident and citizen of the State of New York.

Second. That the defendant, The Union Pacific Railway Company, is a corporation created by and existing under certain laws of the United States, to wit, an act of Congress entitled "An act to aid in the construction of a railroad and telegraph line from the Missouri River to the Pacific Ocean, and to secure to the Government the use of the same for postal, military, and other purposes," approved July 1, 1862; also an act of Congress amendatory thereof, approved July 2, 1864, and other acts of the Congress of the United States amendatory and supplemental thereto.

The said Union Pacific Railway Company was formed on or about the 24th day of January, 1880, under and by virtue of the powers and provisions contained in the said several acts of Congress by the consolidation of the Union Pacific Railroad Company, The Kansas Pacific Railway Company, and the Denver Pacific Railway and Telegraph Company; each of said railway and telegraph companies being named and described in said acts; and the said Union Pacific Railway Company, so created by consolidation, as aforesaid, thereupon became the successor of each of the said constituent companies, and thereby became vested with all the rights, titles, interests, properties and franchises of each of the said constituent companies. The said Union Pacific Railway Company, as well also as the Union Pacific Railroad Company, were, by the said several acts of Congress, authorized to construct, maintain, and operate a railroad and telegraph line from the State of Iowa in a westerly direction through the States of Nebraska, Wyoming, and into the Territory of Utah; and the said Kansas Pacific Railway Company was authorized to construct a line of railroad from Missouri in a westerly direction through the State of Kansas and into the State of Colorado to the City of Denver, and the said Denver Pacific Railway and Telegraph Company was authorized to construct a railroad from the said City of Denver through the States of Colorado and Wyoming to Cheyenne in said last-named State. The said Union Pacific Railway Company resides in and has and maintains a principal place of business at Omaha, in the State and district of Nebraska. And your orators beg leave to refer to each and every of the said acts of Congress as if incorporated herein.

The defendant the Atchison, Colorado and Pacific Railroad Company is a corporation formed and existing under and by virtue of the laws of the State of Kansas, owning a line of railroad in said State, and is a citizen of said State of Kansas.

The Atchison, Jewell County and Western Railroad Company is an incorporation organized and existing under and by virtue of the laws of the State of Kansas, owning a line of railroad therein, and is a citizen of said State.

The Boulder Valley and Central City Wagon Road Company is an incorporation organized and existing under and by virtue of the laws of the State of Colorado, owning a roadway therein, and is a citizen of said State.

The Bozeman Coal Company is an incorporation organized and existing under and by virtue of the laws of the State of Montana, owning coal mines and property therein, and is a citizen of said State.

The Callaway Improvement Company is a corporation organized and existing under and by virtue of the laws of the State of Nebraska, engaged in railway construction and real estate enterprises therein, and is a citizen of said State.

The Carbon Cut-Off Railway Company is an incorporation of the State of Wyoming, owning a line of railroad therein, and is a citizen of said State.

The Central Branch Union Pacific Railroad Company is an incorporation organized and existing under and by virtue of the laws of the State of Kansas, owning a line of railroad therein, and is a citizen of said State.

II. Ex. 29—50

The Denver, Leadville and Gunnison Railway Company is an incorporation of the State of Colorado, owning a line of railroad therein, and is a citizen of said State.

The Green River Water Works Company is an incorporation of the State of Wyoming, owning a water-supply plant and works therein, and is a citizen of said State.

The Junction City and Fort Kearney Railway Company is an incorporation of the State of Kansas, owning a line of railroad therein, and is a citizen of said State.

The Kansas Central Railroad Company is a corporation organized and existing under the laws of the State of Kansas, owning a line of railroad therein, and is a citizen of said State.

The Kansas City and Omaha Railroad Company is a corporation organized and existing under and by virtue of the laws of the State of Nebraska, owning a line of railroad therein, and is a citizen of said State.

The Kearney and Black Hills Railway Company is a corporation organized and existing under and by virtue of the laws of the State of Nebraska, owning a line of railroad therein, and is a citizen of said State.

The Laramie, North Park and Pacific Railroad and Telegraph Company is a corporation organized and existing under and by virtue of the laws of the State of Wyoming, owning a line of railroad therein, and is a citizen of said State.

The Lawrence and Emporia Railway Company is a corporation organized and existing under and by virtue of the laws of the State of Kansas, owning a line of railroad therein, and is a citizen of said State.

The Loveland Pass Mining and Railroad Tunnel Company is a corporation organized and existing under and by virtue of the laws of the State of Colorado, engaged in the construction of a railroad and mining tunnel therein, and is a citizen of said State.

The Montana Railway Company is a corporation organized and existing under and by virtue of the laws of the State of Montana, owning a line of railroad therein, and is a citizen of said State.

The Morrison Stone, Lime and Town Company is a corporation organized and existing under and by virtue of the laws of the State of Colorado, engaged in a general business therein, and is a citizen of said State.

The Omaha and Republican Valley Railway Company is a corporation formed by the consolidation of certain other corporations under and by virtue of the laws of the State of Nebraska, as well as under and by virtue of the laws of the State of Kansas. The said railway company owns a line of railroad in both of said States, and is a citizen of the State of Nebraska, as well also as the State of Kansas.

The Oregon Railway and Navigation Company is a corporation organized and existing under and by virtue of the laws of the State of Oregon, owning a line of railroad therein, and is a citizen of said State.

The Oregon Short Line and Utah Northern Railway Company is a corporation formed by the consolidation of certain other corporations under and by virtue of the laws of the State of Wyoming, as well as under and by virtue of certain acts of the Congress of the United States, owning a line of railroad in the States of Wyoming, Idaho, and Montana, and in the Territory of Utah, and said consolidated corporation so formed, organized, and existing as aforesaid is a citizen of the said State of Wyoming.

The St. Joseph and Grand Island Railroad Company is a corporation formed and existing under and by virtue of the laws of the State of Kansas, reincorporated also as a corporation under and by virtue of the laws of the State of Nebraska, owning a line of railroad in both of said States. The said corporation is a citizen of the State of Kansas, as well, also, as a citizen of the State of Nebraska.

The Salina and Southwestern Railway Company is a corporation formed by the consolidation of certain other corporations, under and by virtue of the laws of the State of Kansas, owning a line of railroad therein, and is a citizen of said State.

The Solomon Railroad Company is a corporation organized and existing under and by virtue of the laws of the State of Kansas, owning a line of railroad therein, and is a citizen of said State.

The Union Land Company is a corporation organized and existing under and by virtue of the laws of the State of Nebraska, engaged in a general land business therein, and is a citizen of said State.

The Union Pacific, Denver and Gulf Railway Company is a corporation formed by the consolidation of certain other corporations under and by virtue of the laws of the State of Colorado as well as under and by virtue of the laws of the State of Wyoming. Said consolidated corporation owns a line of railroad in both of said States, as well, also, as in the Territory of New Mexico, and is a citizen of the State of Colorado, and a citizen of the State of Wyoming.

The Union Pacific, Lincoln and Colorado Railway Company is a corporation formed by the consolidation of certain other corporations under and by virtue of the laws of the State of Kansas, owning a line of railroad therein, and is a citizen of said State.

The Union Pacific Coal Company is a corporation formed and existing under and by virtue of the laws of the State of Wyoming, engaged in a general coal mining and sales business in said State, as well also in Colorado and Utah, and is a citizen of said State of Wyoming.

Your orators, in alleging the incorporation, organization, and citizenship of each of the said parties defendant as aforesaid, further say that the manner and character of operation of the said several lines of railroad owned by the said several defendants is more fully and specifically set out and described hereinafter.

Third. The defendant The Union Pacific Railway Company is a corporation created and existing under the laws of the United States, to wit, an act of Congress of the United States, entitled "An act to aid in the construction of a railroad and telegraph line from the Missouri River to the Pacific Ocean, and to secure to the Government the use of the same for postal, military, and other purposes," approved July 1, 1862, and an act of Congress approved July 2, 1864, being an act to amend the above-mentioned act, and other acts and amendments to the said acts enacted by the Congress of the United States. The said Union Pacific Railway Company is a consolidated corporation formed on or about January 24, 1880, by articles of union and consolidation entered into between the Union Pacific Railroad Company, the Kansas Pacific Railway Company, and the Denver Pacific Railway and Telegraph Company, created or mentioned and described in and by the aforesaid acts of Congress. The said consolidated corporation, to wit, the Union Pacific Railway Company, owns a line of railway extending from Council Bluffs, in the State of Iowa, westerly through the States of Nebraska and Wyoming into the Territory of Utah to Ogden, a distance of about 1,042 miles; and also a certain line of railway extending from Kansas City, in the State of Missouri, westerly through the State of Kansas, and into the State of Colorado to Denver, a distance of about 639 miles; and also a certain line of railway extending from Denver, in the State of Colorado, in a northerly direction to Cheyenne, in the State of Wyoming, a distance of about 106 miles; together with certain terminal extensions and spur tracks used in connection therewith, making a total mileage of 1,829 miles or thereabouts. Your orators beg leave to refer to each and all of the said acts of Congress, and all acts of Congress relating to the said railroads, the same as if incorporated herein.

Fourth. The defendant The Union Pacific Railway Company is also the owner of a large amount in value of the shares of stock and bonds of various corporations owning branch or connecting railway and telegraph lines, through the ownership whereof, and by contracts and arrangements wherewith, it is enabled to and does control the business and property of the said corporations, as hereinafter stated, to the great advantage of itself and its creditors and security holders.

Your orators state that the said constituent companies which formed the said defendant company the Union Pacific Railway Company prior to said consolidation, and the Union Pacific Railway Company, subsequent to said consolidation, with a view to increase their traffic and business and to protect the value of their property and franchises, invested their earnings or other means in the bonds and shares of certain connecting railroad companies in Iowa, Nebraska, Missouri, Kansas, Colorado, Wyoming, Utah, and other States; that such investments were made with the assent of the Government directors and the U. S. Auditor and Commissioner of Railroads, and were regularly reported by the last-named officers to the Congress of the United States. In pursuance of this policy, and for the purposes aforesaid, the defendant the Union Pacific Railway Company owns, controls or operates, as hereinafter stated, the following-named roads which connect with the said Union Pacific Railway Company, are tributary to it and form part of its system of railways known as the Union Pacific system of railways, to wit:

1. The railroad of the Omaha and Republican Valley Railway Company, situated in the States of Nebraska and Kansas, having a total mileage of 482.05 miles. The capital stock of said Omaha and Republican Valley Railway Company now issued and outstanding is \$2,401,023.77, all of which is owned by the said Union Pacific Railway Company, and is now pledged under a certain trust indenture of September 4, 1891, hereinafter more specifically referred to and described. The Omaha and Republican Valley Railroad Company, which was merged into and became part of the said Omaha and Republican Valley Railway Company by consolidation, as hereinbefore stated, issued and disposed of its first mortgage bonds dated July 1, 1879, due July 1, 1909, in the sum of \$1,559,000, with interest at the rate of 7 per cent, payable in January and July. The trustees named in the said mortgage are Peter P. Wyckoff and Benjamin F. Ham. And the said Omaha and Republican Valley Railway Company issued and disposed of its consolidated first mortgage bonds to the amount of \$3,136,000, dated February 15, 1887, due March 1, 1927, interest at the rate of 5 per cent. The trustee named in said mortgage is the American Loan and Trust Company of Boston. And also issued and disposed of its extension first mortgage bonds in the sum of \$1,246,000, dated May 1, 1887, due May 1, 1927, interest 5 per cent. The trustee named in said mortgage is the American Loan and Trust

Company of Boston. Of the above-mentioned bonds there are pledged in the 6 per cent collateral trust of the Union Pacific Railroad Company of July 1, 1879, \$887,000 of the Omaha and Republican Valley Railroad Company bonds, and in the 5 per cent Collateral Trust of the Union Pacific Railway Company of April 2, 1883, hereinafter mentioned, \$589,000 of the Omaha and Republican Valley Railroad Company bonds, and \$1,859,000 of the Omaha and Republican Valley Railway Company said consolidated first-mortgage bonds. The said American Loan and Trust Company of Boston, trustee for certain mortgage creditors of the Kansas Pacific Railway Company, holds \$636,000 of said Omaha and Republican Valley Railway Company consolidated first-mortgage bonds. The trustees under the said trust indenture of September 4, 1891, hold \$41,000 of Omaha and Republican Valley Railroad Company bonds, \$460,000 Omaha and Republican Valley Railway Company consolidated first-mortgage bonds, and \$2,246,000 of Omaha and Republican Valley Railway Company extension bonds. All of the said stocks and bonds so pledged as aforesaid are the absolute property of the Union Pacific Railway Company, subject to the trusts created by the said several indentures whereby the same were pledged, as aforesaid; the voting power on said stocks being in the Union Pacific Railway Company while it is not in default under the aforesaid indentures whereby the said stocks were pledged.

2. The railroad of the Union Pacific, Denver and Gulf Railway Company, including the Fort Worth and Denver City Railway Company and the Pan-Handle Company situate in the States of Colorado, Wyoming, and Texas and in the Territory of New Mexico, the total mileage of the roads owned and operated under contract and trackage rights is 1,463.23 miles.

The total amount of Union Pacific, Denver and Gulf Railway Company consolidated mortgage bonds, issued and outstanding, is \$15,714,000, of which the Union Pacific Railway Company owns \$7,262,000. Of the bonds thus owned, \$7,189,000 are held by the trustees under the trust indenture of September 4, 1891, and \$73,000 are held in the trust created for the benefit of the mortgage creditors of the Kansas Pacific Railway Company.

In addition to the above bonds, the Union Pacific Railway Company owns \$4,719,000 in the first-mortgage 7 per cent bonds of the Colorado Central Railroad Company, one of the constituent companies forming part of the Union Pacific, Denver and Gulf Railway Company. Of these bonds, \$1,795,000 are held in the Union Pacific 6 per cent collateral trust, \$1,202,000 in the 5 per cent collateral trust, \$1,392,000 are held by the trustees under the trust indenture of September 4, 1891, and \$197,000 are in the trust created for the benefit of the mortgage creditors of the Kansas Pacific Railway Company.

The Union Pacific Railway Company also owns \$13,251,882 of a total issue of \$32,634,482 Union Pacific, Denver and Gulf stock. The stock thus owned is held by the trustees under the trust indenture of September 4, 1891.

The Union Pacific, Denver and Gulf Railway Company owns \$944,000 of its own consolidated first-mortgage bonds, \$65,000 Colorado Central Railroad Company first-mortgage 7 per cent bonds, \$101,000 of the Union Pacific Coal Company first-mortgage 5 per cent bonds, and \$100,700 of the capital stock of the Union Pacific Coal Company. These bonds and stock, excepting the Colorado Central bonds, were pledged with the Union Pacific Railway Company as collateral for advances made by that company for account of this company, with the power in the Union Pacific Railway Company to rehypothecate or sell the same, and they have been deposited by that company with the trustees under the trust indenture of September 4, 1891.

The Union Pacific, Denver and Gulf Railway Company owns \$3,406,800 of its own stock, and \$7,766,000 of the capital stock of \$9,375,000 of the Fort Worth and Denver City Railway Company. It also owns \$218,000 Pan-Handle Railway Company first-mortgage 5 per cent bonds of a total issue of \$225,000; and \$160,000 Fort Worth and Denver City Railway Company equipment trust 5 per cent bonds, all that are outstanding; and \$5,000 Fort Worth and Denver City Railway Company 6 per cent bonds. The Pan-Handle and Fort Worth and Denver City companies bonds thus owned are held by the trustee of the Union Pacific, Denver and Gulf Railway Company consolidated mortgage as part security for the bonds issued thereunder.

All of the said stocks and bonds so pledged as aforesaid are the absolute property of the Union Pacific Railway Company, subject to the trusts created by the said several indentures whereby the same were pledged, as aforesaid, the voting power on said stocks being in the Union Pacific Railway Company, while it is not in default under the aforesaid indentures whereby the said stocks were pledged.

3. The railroad of the consolidated railway company known as the Oregon Short Line and Utah Northern Railroad Company and its leased and operated lines, situated in the States of Wyoming, Idaho, Montana, Nevada, and Oregon, and in the Territory of Utah. Said company has constructed and acquired or owns 1,424.84 miles of railroads, and operates under lease the railway of the Oregon Railway and Navigation Company, 1,059.33 miles, making a total of 2,484.17 miles of owned, leased, and operated lines.

The stock of the Oregon Short Line and Utah Northern Railway Company is limited to \$27,000,000. On December 31, 1892, the amount outstanding, including the stock of constituent companies not then exchanged, was \$26,244,853.32, of which the Union Pacific Railway Company owned \$15,116,703.33. All of the stock owned by the Union Pacific Railway Company, excepting \$1,000 in amount, is held by the trustees under the trust indenture of September 4, 1891.

The Oregon Short Line and Utah Northern Railway Company owns \$14,508,200, out of a total issue of \$24,000,000, of the stock of the Oregon Railway and Navigation Company. Of the stock thus owned, \$13,000,000 is held by the trustee under the collateral trustee indenture of the Oregon Short Line and Utah Northern Railway Company, and \$487,300 is held by the same trustee as an investment for the sinking fund established thereunder. The balance of the stock thus owned (\$1,021,000) is pledged with the Union Pacific Railway Company, with power in that company to rehypothecate or sell the same. The stock just pledged with the Union Pacific Railway Company is deposited with the trustees under that company's trust indenture of September 4, 1891.

The amount of collateral trust bonds outstanding on December 31, 1892, was \$13,000,000. Of the bonds thus outstanding, the Union Pacific Railway Company owned \$2,837,500, which are held by the trustees under that company's trust indenture of September 4, 1891.

The amount of Oregon Short Line and Utah Northern Railway Company consolidated first-mortgage bonds outstanding on December 31, 1892, was \$11,024,000. Of these the Union Pacific Railway Company owns \$932,000. That company also owns \$4,420,000 in Utah and Northern Railway Company first-mortgage 7 per cent bonds; \$418,000 in Utah Southern Railroad Company first-mortgage 7 per cent bonds; \$982,000 in Utah Southern Railroad extension first-mortgage 7 per cent bonds; and \$85,000 in Idaho Central Railway Company first-mortgage 6 per cent bonds.

The Oregon Short Line and Utah Northern Railway Company owns the following bonds of its own issues:

Oregon Short Line and Utah Northern Railway Company consolidated 5 per cent bonds	\$1,814,000
Idaho Central Railway Company first-mortgage 6 per cent bonds	1,000
Utah Central Railway Company first-mortgage 6 per cent bonds	1,000

At the close of 1892 the Oregon Short Line and Utah Northern Railway Company was indebted to the Union Pacific Railway Company in the sum of \$4,066,500.57. Against this, it had pledged with that company, with the power in the Union Pacific to rehypothecate or sell, \$1,750,000 in Oregon Short Line and Utah Northern Railway Company consolidated 5 per cent bonds; \$1,021,000 in Oregon Railway and Navigation Company stock; \$411,000 in Union Pacific Coal Company first-mortgage 5 per cent bonds, and \$461,400 in Union Pacific Coal Company stock. The Oregon Short Line and Utah Northern Railway Company had also pledged with the Union Pacific Railway Company, with the power in that company to rehypothecate or sell, \$712,000 in Oregon Railway and Navigation Company consolidated mortgage 5 per cent bonds, and \$1,057,000 in Oregon Railway and Navigation Company collateral trust 5 per cent bonds. These bonds were owned by the Oregon Railway and Navigation Company, which company was in turn indebted to the Oregon Short Line and Utah Northern Railway Company for moneys advanced in the construction of the Washington and Idaho Railroad, the road of the Oregon Railway Extensions Company, and for additional equipment furnished for, and betterments made on, the lines of the Oregon Railway and Navigation Company. The bonds and stock thus pledged with the Union Pacific Railway Company were by that company deposited with the trustees under the trust indenture of September 4, 1891.

All of the said stocks and bonds so pledged, as aforesaid, are the absolute property of the Union Pacific Railway, subject to the trusts created by the said several indentures, whereby the same were pledged as aforesaid; the voting power on said stocks being in the Union Pacific Railway Company while it is not in default under the aforesaid indentures, whereby the said stocks were pledged.

The Oregon Railway and Navigation Company under an indenture of lease dated January 1, 1887, leased its said railroads to the Oregon Short Line Railway Company, which is now a constituent company of the said Oregon Short Line and Utah Northern Railway Company. The Union Pacific Railway Company was a party to the said indenture. Said indenture was subsequently, in some respects, modified. On or about December 6, 1889, the Oregon Short Line and Utah Northern Railway Company entered into a perpetual agreement with the Union Pacific Railway Company granting to it certain perpetual rights, privileges, and easements, and also agreeing with it for the interchange of business, in consideration whereof the Union Pacific Railway Company guaranteed the obligations of the Oregon Short Line and Utah Northern Railway Company, as hereinafter more fully stated. By the provisions of said lease and traffic agreements, and by reason of ownership of stock, the

railroad of the said Oregon Railway and Navigation Company is controlled and operated by the Union Pacific Railway Company as part of its system of railroads. The said lease of the Oregon Railway and Navigation Company to the said Oregon Short Line Railway Company includes the railroads of the Oregon Extension Company situated in the States of Washington and Oregon, 68.73 miles in length, which was itself leased to the Oregon Railway and Navigation Company on January 8, 1890, for a term of ninety-seven years. The said lease of the said Oregon Railway and Navigation Company to the Oregon Short Line Company also covered the railroad of the Washington and Idaho Railroad Company, situated in the States of Washington and Idaho, 151.21 miles in length, which was itself leased to the Oregon Railway and Navigation Company on January 8, 1890, for the term of ninety-seven years, and said two last mentioned railroads are in the possession of and controlled and operated by the Union Pacific Railway Company as part of its system, as hereinbefore stated.

Also the railroads of the Cascade Railroad Company, situated in the State of Washington, six miles in length. This road is operated under a lease to the Oregon Railway and Navigation Company, which said lease was assigned to the Oregon Short Line Railway Company on May 10, 1887, of which last-named company the Oregon Short Line and Utah Northern Railroad Company is successor by consolidation, as hereinbefore stated.

Also the railroads of the Columbia and Palouse Railroad Company, 144.81 miles in length, situated in the States of Washington and Idaho. Said railroad is operated under lease to the Oregon Railway and Navigation Company, which said lease was assigned to the Oregon Short Line Railway Company May 10, 1887.

Also the narrow-gauge railroad of the Mill Creek Flume and Manufacturing Company, 13.41 miles in length, situate in the State of Washington. This railroad is owned by the Oregon Railway and Navigation Company, and is subject to and operated under the terms of the lease from the said Oregon Railway and Navigation Company to the Oregon Short Line and Utah Northern Railway Company, hereinbefore described.

Also the railroad of the Walla Walla and Columbia River Railroad Company, 35.52 miles in length, situate in the State of Washington. This road is held and operated under the lease to the Oregon Railway and Navigation Company, which said lease was assigned by the last-named company to the Oregon Short Line Railway Company, on May 10, 1887. All of which said railroads under lease, as hereinbefore stated, to the said Oregon Railway and Navigation Company are subject to the terms and conditions of the general lease, hereinbefore referred to, executed by the said Oregon Railway and Navigation Company to the said Oregon Short Line Company, and all of said roads are operated and controlled by the Union Pacific Railway Company by virtue of its ownership of the stock of the said Oregon Short Line and Utah Northern Railway Company, as well also as by virtue of the said several leases and instruments hereinbefore more specifically described.

Also, the Northern Pacific Terminal Company, of Oregon. The issued capital stock of this company is \$3,000,000, divided into 30,000 shares. Nine shares are owned by directors, and the remainder is held by the Central Trust Company, of New York, in trust for the Oregon Railway and Navigation Company, the Northern Pacific Railroad Company, and the Oregon and California Railroad Company, which said last-named company is operated and controlled by the Southern Pacific Railroad Company. This Terminal Company has issued its fifty-year 6 per cent first mortgage bonds, dated January 1, 1882, to the amount of \$3,600,000; and the said Oregon Railway and Navigation Company and the said Oregon Short Line and Utah Northern Railway Company have entered into an agreement with the other owners of the stock of the said Terminal Company by which the said Oregon Short Line and Utah Northern Railway Company as lessee of the Oregon Railway and Navigation Company is bound to pay its proportion of the interest and sinking-fund charges on said bonds. The property of this Terminal Company is now occupied and used by the said Oregon Short Line and Utah Northern Railway Company as lessee of the said Oregon Railway and Navigation Company under and by virtue of the terms of the leases and agreements hereinbefore more specifically referred to.

4. The railroad of the Union Pacific, Lincoln and Colorado Railway Company, 225.35 miles in length, in the State of Kansas. There is outstanding \$1,997,800 of capital stock, all of which is owned by the defendant, The Union Pacific Railway Company, and is held in pledge under the said trust indenture of September 4, 1891. Said company has issued its first-mortgage 5 per cent bonds, due April 1, 1918, the same being secured by a mortgage to the American Loan and Trust Company, of Boston, trustee, dated August 1, 1888, delivered November 7, 1888, for \$4,445,000. The American Loan and Trust Company, trustee for the benefit of the mortgage creditors of the Kansas Pacific Railway Company, holds \$74,000 of said last-mentioned bonds, the balance of which are afloat. And by the terms of an agreement between the said Union Pacific, Lincoln and Colorado Railway Company and the Union Pacific Railway Company, dated August 1, 1888, delivered November 7, 1888,

pany; the Union Pacific, Lincoln and Colorado Railway Company; and the Union Pacific Coal Company, thereby commanding each of them, at a certain time and under a certain penalty therein to be named, personally to be and appear before this honorable court, then and there to answer all and singular the matters aforesaid, but without oath, all answers under oath being hereby expressly waived according to the practice and under the rules of this court, and to stand and abide by and perform such order, direction, and decree as shall be made herein, and as to your honors shall seem equitable and just.

2. That the court will fully administer the trust fund in which your orators are interested, constituting the entire railroad system, lands, and assets of the said defendant corporation, the Union Pacific Railway Company, and will for such purpose marshal all its assets and ascertain the several respective liens and priorities existing upon each and every part of all the said system of railway and property and the amount due upon each and every part of such mortgages or other liens, and enforce and decree the rights, liens, and equities of each and all the stockholders and bondholders and creditors of the said defendants and of each of them, as the same may be finally ascertained and decreed by the court upon the respective interventions or applications of each and every of such stockholder, creditor, or lienor, in and to not only said lines of railroad, appurtenances, equipments, lands, and property, but also to and upon each and every portion of the assets and property of each of the said corporations.

3. That, for the purpose of enforcing the liens and equities of the holders of the loans and of the floating debt of the said defendant, the Union Pacific Railway Company, and of the respective stockholders, bondholders, lien-holders, and general creditors of each of the said defendants and of each of the companies embraced in, or operated as, a part of the said system, as well as to preserve the unity of said system as it has been for years maintained and operated, and preventing the disruption thereof by separate executions, attachments, and sequestrations, the occurrence of which will be unavoidable in view of the defaults already made and the inevitable defaults in interest and other payments which will soon occur, your orators pray that this court will forthwith appoint one or more receivers of the entire system of railroads held, controlled, leased, or operated by, or in the interest or for the benefit of, the said defendant, the Union Pacific Railway Company, and of all the equipments, material, machinery, supplies, moneys, accounts, choses in action, shares of stock, bonds, property, and assets of every description, and wheresoever situated, and of all said lands and land grants, leasehold, contractual rights, and property belonging to the said defendant, the Union Pacific Railway Company, as well also as all those belonging to each of the defendants herein, and those of each of the said several companies controlled, leased, or operated by, for, or in the interest of said Union Pacific Railway Company, as a part of, or in connection with, said system, with authority to manage and operate the same; and that each of the defendants and the officers, managers, superintendents, agents, and employes of each of the defendants be required forthwith to deliver up the possession of all and singular each and every part of the said property, over which the receivers shall be appointed, wherever situate; also all books of accounts, office vouchers, and papers in any way relating to the business or operation of said system of railways; and for an injunction restraining perpetually and during the pendency of this suit each of the defendants and every of the officers, directors, managers, superintendents, agents, and employes of each of the defendants, and all persons whomsoever, from interfering in any way whatever with the possession and control of the receivers over any part of said property.

4. And that your orators may have such other and further relief as to the court may seem proper, and as may be necessary to fully enforce the rights and equities of your orators and of all other creditors and stockholders of the defendant corporations.

Solicitors for the Complainants.

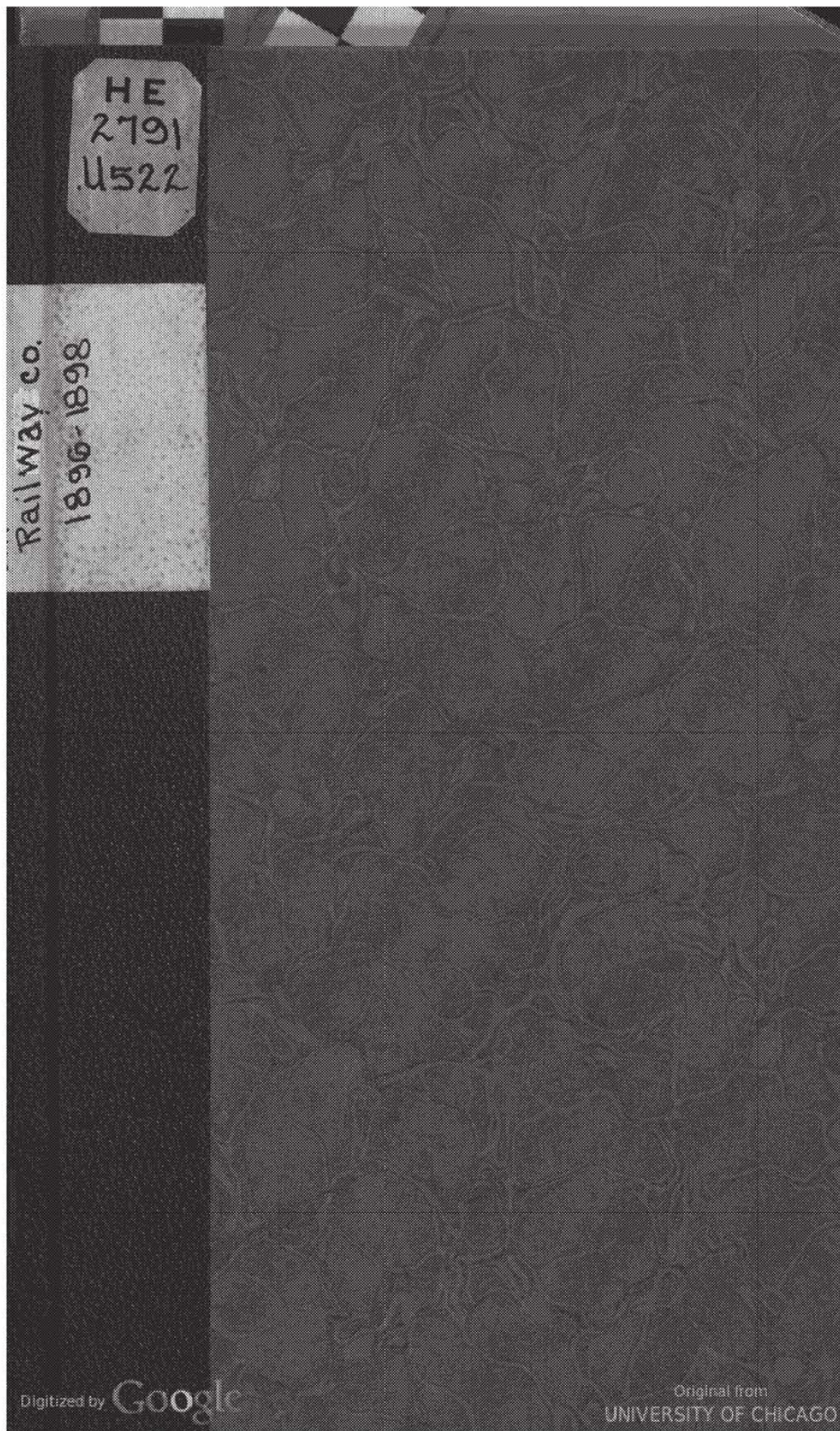
Of Counsel for the Complainants.

UNITED STATES OF AMERICA, District of ———, ss.

———, being duly sworn, deposes and says that he is one of the complainants above named; that he has read the foregoing bill of complaint and knows the contents thereof, and that the same are true of his own knowledge, except as to the matters therein stated to be alleged on information and belief, and as to those matters he believes it to be true.

Sworn to before me this ——— day of ———, 1893.

[SEAL.]



Gen. Dir.

REPORT

NOV 24 1897

OF THE

GOVERNMENT DIRECTORS OF THE UNION PACIFIC RAILWAY

TO THE

SECRETARY OF THE INTERIOR

FOR THE

FISCAL YEAR ENDED JUNE 30, 1897.

WASHINGTON:
GOVERNMENT PRINTING OFFICE.
1897.

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UNIVERSITY OF CHICAGO

1876-1878
(REPORT)

OF THE

GOVERNMENT DIRECTORS OF THE UNION PACIFIC RAILWAY
" company

TO THE

SECRETARY OF THE INTERIOR

FOR THE

given by
U. S. Gov.

FISCAL YEAR ENDED JUNE 30, 1897.



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REPORT

OF THE

GOVERNMENT DIRECTORS OF THE UNION PACIFIC RAILWAY.

NEW YORK, September 4, 1897.

SIR: The Government directors of the Union Pacific Railway Company herewith present their report for the year ended June 30, 1897.

The physical condition of the railroad continues to show marked improvements both in the character of the roadbed and in the condition of the equipment. During the year 1896, 7,500 tons of new steel rails have been added to the track, and during the current year (1897) 15,000 additional tons have been purchased and are now being placed upon the roadbed.

The eastern portion of the Union Division is being thoroughly ballasted, and the property from Omaha to the neighborhood of Grand Island, 154 miles, will compare favorably with many of the first-class railroads of the East.

The earnings and expenses for the years 1896 and 1897, as appear from the receivers' reports, are as follows:

Comparative statement of the earnings and expenses of the Union Pacific Railway Company proper (1,822.29 miles) for the twelve months ended June 30, 1897 and 1896, respectively.

Item.	Twelve months to—		Increase.	Decrease.
	June 30, 1897.	June 30, 1896.		
Gross earnings	\$14,944,477.36	\$14,083,347.85	\$861,129.51	.....
Operating expenses.....	9,443,155.91	8,765,942.29	677,213.62	.....
Surplus.....	5,501,321.45	5,317,405.56	183,915.89	.....
Taxes	573,640.45	581,729.71	\$8,089.26
Surplus earnings	4,927,681.00	4,735,675.85	192,005.15

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UNION PACIFIC RAILWAY.

The earnings for 1897, as reported by the receivers, reflect to some degree the improved conditions of business which now prevail. They are as follows:

THE UNION PACIFIC RAILWAY COMPANY.

Earnings and expenses, by months, from January 1 to June 30, 1897 and 1896.

GROSS EARNINGS.

Month.	1897.	1896.	Increase.	Decrease.
January	\$1,001,743.25	\$937,328.53	\$64,414.72	.....
February	986,097.02	925,467.25	60,629.77	.....
March	1,130,211.48	1,071,907.18	58,304.30	.....
April	1,105,479.26	988,358.32	117,120.94	.....
May	1,240,536.33	1,109,913.96	130,622.37	.....
June	1,259,188.27	1,128,094.44	131,093.83	.....
January 1 to June 30	6,723,255.61	6,161,069.68	562,185.93	.....

OPERATING EXPENSES.

January	\$684,613.30	\$719,187.76	.....	\$34,574.46
February	649,599.44	615,255.79	\$34,343.65	.....
March	702,010.77	671,292.44	30,718.33	.....
April	757,406.24	646,810.87	110,595.37	.....
May	837,242.47	720,115.89	117,126.58	.....
June	829,217.76	719,115.98	110,101.78	.....
January 1 to June 30	4,490,089.98	4,091,784.73	398,305.25	.....

SURPLUS.

January	\$317,129.95	\$218,140.77	\$98,989.18	.....
February	336,497.58	310,211.46	26,286.12	.....
March	428,200.71	400,614.74	27,585.97	.....
April	348,073.02	341,541.45	6,531.57	.....
May	403,293.86	389,798.07	13,495.79	.....
June	429,970.51	408,978.46	20,992.05	.....
January 1 to June 30	2,263,165.63	2,069,284.95	193,880.68	.....

TAXES.

January	\$188,209.34	\$179,078.71	\$9,130.63	.....
February	22,782.71	32,771.75	.....	\$9,989.04
March	22,859.00	14,544.99	8,314.01	.....
April	3,527.90	2,739.04	788.86	.....
May	5,632.84	1,512.81	4,120.03	.....
June	16,631.16	22,324.67	.....	5,693.51
January 1 to June 30	259,643.01	252,971.97	6,671.04	.....

SURPLUS EARNINGS.

January	\$128,920.61	\$39,062.06	\$89,858.55	.....
February	313,714.87	277,439.71	36,275.16	.....
March	405,341.71	386,069.75	19,271.96	.....
April	344,545.06	338,802.41	5,742.65	.....
May	397,661.02	388,285.26	9,375.76	.....
June	413,339.35	386,653.79	26,685.56	.....
January 1 to June 30	2,003,522.62	1,816,312.98	187,209.64	.....

In pursuance of the arrangement made between the Department of Justice and the reorganization committee, the details of which were

contained in the special report of the Government directors made to the Secretary of the Interior and dated January 23, 1897 (see Appendix), two suits for the foreclosure of the mortgage lien of the United States of America have been instituted and carried to final decree.

The first of these suits affects the Union Division—that is to say, all of the railroad between Council Bluffs and Ogden.

The amount of indebtedness of the Union Pacific Railway Company to the United States of America, as fixed by the said decree, was, on the 1st of April, 1897:

For principal	\$27, 236, 512
For balance of interest account	30, 525, 918
Total	57, 762, 430

A foreclosure suit, affecting the same Union Division, has also been brought by F. Gordon Dexter and Oliver Ames, second, trustees, against the Union Pacific Railway Company and the United States of America and others, defendants. This suit is brought to foreclose the prior mortgage covering the said Union Division, the lien of which is prior to the lien of the United States. By the decree it is found that the aggregate amount of the principal of such first mortgage bonds is \$27,229,000. The interest on these bonds has been paid up to and including the 1st day of July, 1897. By the terms of the decree entered in the Dexter suit it is provided that the special master shall accept no bid for the property to be sold in that suit less than the sum of \$50,637,435. This amount is approximately twenty-three millions in excess of the amount due upon the first mortgage bonds, as above stated.

By the terms of the final decree entered in the foreclosure suit of the United States of America against the Union Pacific Railway Company affecting the Union Division, it is provided that the special master shall accept no bid for the said property less than the sum of \$23,000,000 in cash.

The other suit which has been instituted by the United States of America against the Union Pacific Railway Company and others, defendants, affects that portion of the Kansas Pacific Railway Company which is subject to the lien of the United States by reason of the issue of subsidy bonds. By the terms of the decree in this suit it is found that on the 1st day of April, 1897, the amount owing to the United States, including the amount due and the amount not due for principal and for balance of interest, amounted to the sum of \$12,891,900.19.

The minimum bid which the special master is authorized to accept for the interest of the United States is \$2,500,000.

Suits have also been brought for the foreclosure of the mortgages, the lien of which is prior to the lien of the United States, upon that portion of the Kansas Pacific Division which is embraced in the suit brought by the United States of America last above referred to, as follows:

Henry M. Alexander and John F. Dillon, trustees, complainants, against the Union Pacific Railway Company et al., defendants.

The decree entered in this suit is for the foreclosure of the Eastern Division of the Kansas Pacific, which embraces the railroad 140 miles west of Kansas City. The principal of the bonds foreclosed in this suit amounts to \$2,240,000; interest on said principal sum is due from

August 1, 1895. By the terms of the decree the special master is to accept no bid of the property embraced in this mortgage less than the sum of \$4,500,000.

John A. Stewart and William Endicott, jr., as trustees under the mortgages of the Kansas Pacific Railway Company dated respectively June 20, 1869, and April 9, 1879, and John F. Dillon and the said John A. Stewart as substituted trustees under the mortgage dated June 1, 1866, made by the Union Pacific Railway Company, Eastern Division, complainants, *v.* The Union Pacific Railway Company et al., defendants.

This suit has been brought to foreclose the mortgage, affecting what is known as the Middle Division of the Kansas Pacific, extending from a point 140 miles west of Kansas City to a point $393\frac{1}{2}$ miles westerly therefrom.

The principal of the bonds issued under this mortgage amounts to \$4,063,000; on these bonds the interest is due from December 1, 1894. The special master is directed to accept no bid for the property embraced in this mortgage less than the sum of \$5,300,000.

Russell Sage and George J. Gould, trustees, complainants, *v.* The Union Pacific Railway Company, et al., defendants.

This suit has been brought by Russell Sage and George J. Gould, as trustees, against the Union Pacific Railway Company, the United States of America, and others, for the foreclosure of what is known as the Kansas Pacific consolidated mortgage. As the lien of this mortgage upon that portion of the Kansas Pacific to which the lien of the United States applies is subsequent to the lien of the United States, the decree entered in that suit can not affect the interests of the United States.

The minimum bids, which the special master is authorized to accept in the two suits, in which the United States of America are plaintiffs, are, respectively, \$23,000,000 in the decree affecting the Union Division, and \$2,500,000 in the suit affecting the subsidized portion of the Kansas Pacific.

By the terms of the arrangement made between the Union Pacific reorganization committee and the Department of Justice, it was provided that the minimum bid for the Union and Kansas Pacific properties covered by the Government lien and for the cash and securities in the United States Union Pacific sinking fund should be such as to produce to the Government, over and above the prior liens and charges upon the railways and the said sinking fund, the net sum of \$45,754,059.99.

By the terms of the decree, entered in the United States foreclosure, affecting the Union Division, it is provided that the cash held in the United States Union Pacific sinking fund shall be applied and credited upon the subsidy debt of the said Union Pacific Railway Company to the United States whether such indebtedness shall be then matured or not.

It is also provided in the said decree that the bonds held in the United States Union Pacific sinking fund shall be sold as an entirety and in one parcel to the highest bidder or bidders. It is further provided that the special master shall accept no bid for the sinking-fund bonds less than a sum equal to the aggregate par value of all the bonds in said sinking fund, as in the said decree found, as of the date of April 30, 1897, namely, the sum of \$13,645,250.89.

The total amount of securities taken at par and of the cash in the said sinking fund is, approximately, \$18,000,000.

The guaranty minimum bid of \$45,754,059.99 was for both the railroad and the securities and cash in the sinking fund. Under the provisions of the decree just referred to, the sinking fund will produce about \$18,000,000.

It therefore follows that the minimum bid for the railroad properties, if presently sold under the two decrees, should be \$27,754,059.99.

As above stated, the minimum bids are, respectively, \$23,000,000 in the foreclosure of the Union Division and \$2,500,000 in the foreclosure of the subsidized portion of the Kansas Pacific.

The amount of these bids is about \$2,000,000 less than the amount required in order to comply with the arrangement entered into between the reorganization committee and the Department of Justice. As, however, the sum of \$4,500,000 has been actually deposited with the United States Trust Company, of the city of New York, as security for the faithful performance of the agreement that its minimum bid should produce the said sum of \$45,754,059.99, the terms of the said decree, taken in connection with the said deposit, secure to the United States of America the result contemplated by the said arrangement. We may add that in our judgment no sales which shall not result in securing to the United States of America the full sum of \$45,754,059.99 would ever be confirmed by the court.

As before stated, and as appears from the decrees, the amount due to the United States for principal and interest on the Union Division on April 1, 1897, was \$57,762,430. The amount due to the United States on the Kansas Pacific Division April 1, 1897, was \$12,891,900.19, making an aggregate indebtedness of \$70,654,330.19. To this amount must be added interest from April 1, 1897.

As the United States of America will realize from the foreclosure sales of the railroad property and of the sinking fund \$45,754,059.99, it follows that the loss of the United States will be about \$25,000,000.

The Government directors desire to repeat their approval of the course which has been followed by the Department of Justice in accepting the proposition of the reorganization committee and in the institution of foreclosure proceedings. The subject-matter in question was fully discussed in the Senate of the United States during the months of June and July, 1897. The main scope of that discussion was, however, based upon the assumption that it would be desirable, as matter of policy, for the Government to control and operate the railroads of the Union Pacific Railway Company on its own behalf and on behalf of the people.

As the Government directors have always been firmly convinced that the ownership of these railroads by the Government would be most injurious to the people, would result in gross inequalities and discriminations in favor of the territory served by them, and would be a prolific source of political corruption, they find themselves unable to consider the subject from the point of view of Government ownership.

Our report is addressed to the single question of realizing for the Government of the United States the best financial return for their investment in this property.

It is doubtless true that the reorganization committee and the depositors of bonds and securities under this plan will realize a large profit from these transactions.

It is also true that, by reason of the improved conditions of our business, the profit will be larger than was expected when the proposition was originally made.

With all the facts before them, the Government directors are satisfied that the acceptance of the proposition and the course pursued by the Department of Justice has been wise, discreet, and advantageous to the Government.

The guaranteed minimum bid above referred to took effect in January, 1897.

The fact that this arrangement had been made has been open and public from that date. The situation is substantially the same as if the sale of the property had been commenced in January, 1897, the minimum bid then made, and the sale postponed for further bids until October.

All the great railroad corporations and financial institutions have been enabled during a period exceeding eight months to examine the subject in all its details and to make such necessary arrangements as to enable them, if they should believe the value of the property to be greater than the minimum bid, to make a better bid on their own behalf.

If it be possible to secure a better bid for this property, the publicity which has been given to the arrangement made and the time which has been given for the formation of competing syndicates should result in a sale under conditions most favorable for the United States. If the result should be that no bid better than the guaranteed minimum shall be made, it will certainly justify the conclusion that the guaranteed minimum bid has secured to the United States a better return than would have otherwise resulted.

In concluding this report, we deem it our duty to call the attention of the Department to the fact that foreclosure suits have been instituted for the sale of the securities under the three collateral trust mortgages made by the Union Pacific Railway Company. In view of the remarkable advance in the market value of many of the collaterals included in these mortgages, it is quite possible that the foreclosures will leave surpluses applicable to the part payment of the general debts of the Union Pacific Railway Company.

It is, of course, impossible for us to estimate with any accuracy what these general debts will aggregate. They will consist chiefly of deficiencies resulting from foreclosure sales and of liabilities arising out of the guarantee of the principal or of the interest on bonds of railroads formerly affiliated with the Union Pacific. The deficiency resulting to the United States, as shown above, will amount to about \$25,000,000, and will, in any event, constitute a very considerable portion of such general debt.

It is therefore to the interest of the United States to secure to the Union Pacific Railway Company all such assets or surpluses as may result from the foreclosure of the collateral trusts, and all property of every form which is not covered by the mortgages made by the company, to the end that the aggregate of general assets resulting to the company may form the largest possible fund for part payment of its general creditors.

All of which is respectfully submitted.

E. ELLERY ANDERSON.
J. W. DOANE.
JOHN SHERIDAN.
WILLIAM J. COOMBS.
JOHN T. BRESSLER.

Hon. CORNELIUS N. BLISS,
Secretary of the Interior, Washington, D. C.

APPENDIX.

SPECIAL REPORT

OF THE

GOVERNMENT DIRECTORS OF THE UNION PACIFIC RAILWAY.

NEW YORK, *January 23, 1897.*

SIR: In the Government directors' report of the Union Pacific Railway Company made to you, and bearing date September 12, 1896, they referred to the fact that the large interests which are represented in the committees charged with the reorganization of the property, might, at a somewhat later period, assume a more definite attitude and define more clearly the part which they might be willing to take in reaching a satisfactory adjustment of the Government claim. We further stated that, in that event, we should file a supplemental report with our recommendations to your Department.

During the first and second sessions of the Fifty-fourth Congress the subject of the adjustment of the debts of the bond-aided roads to the Government, which had been the subject of so much prolific discussion during the earlier Congresses, was again brought forward, patiently examined by the committee of the House, and the deliberations of that committee resulted in what was known as the "Powers bill." The House allowed three days for its discussion, and the result was that the bill was lost by a decisive majority.

In the opinion of the Government directors, the provisions of the "Powers bill" were not favorable to the Government. By its terms the Union Pacific Railway Company, or its successor, was allowed to subject the property to a prior lien of \$54,000,000, bearing interest at 4 per cent. This is over \$20,000,000 more than the lien which now precedes the Government's, and while it is true that the property bound by the Government lien would have been the entire 1,822 miles which complete the Union Pacific Railway Company's property, including terminals, it is still true that the second mortgage to be given to the Government would offer but an imperfect security.

Since the failure of the "Powers bill" the reorganization committee, representing a very large majority of the stocks and bonds of the Union Pacific Railway Company, which committee consists of Messrs. Louis Fitzgerald, Jacob H. Schiff, T. Jefferson Coolidge, jr., Chauncey M. Depew, Marvin Hughitt, and Oliver Ames, second, have presented to the Hon. Judson Harmon, the Attorney-General of the United States, a proposition contained in the letter of Gen. Louis

Fitzgerald, chairman, to the Hon. George Hoadly, dated January 15, 1897, which was written in answer to the latter's letter of January 14, 1897.

The entire correspondence is as follows:

NEW YORK, January 14, 1897.

Gen. LOUIS FITZGERALD,
120 Broadway, City.

DEAR SIR: As you are probably aware, I have for more than two years past had charge, under the direction of the Attorney-General of the United States, as special assistant to him, of the interest of the United States in the matter of its issue of subsidy bonds, and its lien securing the same upon the Union Pacific Railway.

The defeat of the proposed funding bill by the House of Representatives renders it certain that the President, the Secretary of the Treasury, and the Attorney-General must look in some other direction for the protection of the interests of the United States.

After a careful consideration by the late and present Attorney-General and by myself, it was decided at an early stage in the history of the Pacific Railroad litigation that the Government should not appear in that cause until the parties responsible and competent to act should appear who would enter into some definite arrangement for a bid upon the property (including the sinking fund), at such a rate as would afford reasonable protection to the interests of the United States and yet not prevent competition which might result in larger offers.

It has been informally suggested that the committee of reorganization, of which you are chairman, are prepared to enter into engagements to make a bid on the sale of the Union Pacific and Kansas Pacific railways and of the sinking fund of the Union Pacific Railway of a sum which, without debarring the Government from accepting a higher bid at such sale, would afford some reasonable approximation to the value of the rights of the Government as a second mortgagee of the property if it should prove to be the highest and best bid.

I therefore solicit from you an early response, to be communicated by me to the Executive Department of the Government, as to whether your committee would be willing to fix a sum which they would be willing to bid at a sale if procured in foreclosure, and which would carry a perfect title to the property, barring the right of the United States as well as first mortgagees from future claim, so that we may know before commencing proceedings that we are secured at least an approximate equivalent to the value of the property as the result of the prosecution of a foreclosure case such as the Attorney-General is authorized to bring.

I shall be glad if you will kindly take up this matter for early action and, if your committee are willing to bind themselves to make such a bid, please accompany your reply with detailed suggestions as to how the performance may be secured to the satisfaction of the Government.

Yours truly,

GEO. HOADLY.

NEW YORK, January 15, 1897.

Hon. GEORGE HOADLY,
Special Assistant to Attorney-General,
No. 22 William street, New York City.

DEAR SIR: Replying on behalf of the Union Pacific Reorganization Committee to your favor of the 14th instant, in which you request from this committee such proposition as it may be willing to make, fixing a guaranteed bid at foreclosure and sale for the interest of the United States in the Union Pacific Railway and for the Union Pacific sinking fund, I am authorized to submit to you, and through you to the Executive Department of the Government, the following:

In the event that the Government shall at once take such proceedings in the pending foreclosure suits, or by independent bills, for the enforcement of its lien upon the railroad and property of the Union Pacific Railway (which includes the Kansas Pacific line) by sale thereof, and for the sale of the sinking fund in the hands of the Secretary of the Treasury relating to the Union Pacific Railway Company, the reorganization committee is prepared to guarantee a minimum bid for the Union and Kansas Pacific lines of railroad and property embraced within the lien of the Government and for the cash and securities in the United States Union Pacific sinking fund taken at par, which shall produce to the Government over and above any prior liens and charges upon the railways and sinking fund the net sum of \$45,000,000.

The committee is prepared to furnish adequate security for the due performance of the above offer. As such security it will deposit with such national depository in New York City as may be selected by the proper officers of the Government the sum of \$4,500,000 in cash (namely, 10 per cent of the guaranteed bid), subject to the condition that the deposit may be used under the terms of the foreclosure decree as a

deposit to qualify such bidders as may act on behalf of the reorganization committee (and that the extent to which the Government may determine the terms of the decree, an equal deposit, to be made within a reasonable time before sale, shall be required as a qualification of any other bidder).

Should the Government desire to liquidate the sinking fund in advance of the sale of railway property, the reorganization committee will be prepared to anticipate this feature of its offer by an earlier purchase of the sinking fund at par of the cash and securities therein contained.

As the provision proposed is one of considerable magnitude, and as the proposition is based upon conditions which now exist, it will be obvious that the reorganization committee must reserve, and it desires to be understood as reserving, the right to withdraw this offer at any time previous to its acceptance by the Government.

I have the honor to be, very respectfully, yours,

LOUIS FITZGERALD,

Chairman of the Reorganization Committee of the Union Pacific Railway Company.

DEPARTMENT OF JUSTICE,
Washington, D. C., January 18, 1897.

LOUIS FITZGERALD, Esq.,
*Chairman Reorganization Committee,
Union Pacific Railway Company, No. 120 Broadway, New York.*

SIR: Hon. George Hoadly, special assistant to the Attorney-General, has sent me your letter to him of the 1st instant, making a proposition on behalf of your committee for a guaranteed minimum bid for the property of the Union Pacific and Kansas Pacific railway companies and the Union Pacific sinking fund as a basis for the Government's proceeding to foreclose its lien thereon. I am authorized by the president to commence foreclosure proceedings as suggested in your proposal, provided it is modified in the following particulars:

First. In order to preserve the basis of the original informal negotiations which took place in the absence of an accurate statement of the sinking fund, your offer should be modified so that the amount of the guaranteed bid therein named will be \$45,754,059.99; instead of the sum of \$45,000,000.

Second. That the following clause of your proposal be eliminated, viz, "and that, to the extent to which the Government may determine the terms of decree, an equal deposit to be made within a reasonable time before sale shall be required as a qualification of any other bidder." While I have no doubt that the court will follow the uniform practice in railway foreclosures of requiring a deposit of all bidders as a guarantee of good faith and security for performance, and while the Government will obviously have the same interest as other parties in having such conditions imposed, I do not wish to make a stipulation on that point as a condition of our arrangement.

Third. That your proposal is understood to mean that in case the property mentioned should not be sold as a unit, minimum bids for the separate portions thereof are to be made, which in the aggregate will produce to the Government the net sum above mentioned. In case of separate sales the deposit named by you may, of course, be used for qualification of bidders representing you at each, in such proportions as may be required under the terms of sale.

Fourth. Your guarantee applies to such sale or sales as shall become effective. The sale of the sinking fund may be judicial or otherwise.

Your acceptance of the above modifications of your proposal will close the arrangement, and I will proceed to institute foreclosure proceedings on behalf of the Government as soon as the deposit named by you is made, for which, upon receipt of your acceptance, I will designate the depository.

Very respectfully,

JUDSON HARMON, *Attorney-General.*

NEW YORK, January 20, 1897.

Hon. JUDSON HARMON,
Attorney-General, Washington, D. C.

SIR: I have your favor of the 18th instant, written in reply to my letter of 15th instant, to Hon. George Hoadly, special assistant to the Attorney-General.

On behalf of the reorganization committee of the Union Pacific Railway Company, I have the honor to accept the modifications proposed in your letter of January 18, 1897, to the proposal made in my letter to Hon. George Hoadly, dated on the 15th instant.

I am, very respectfully,

LOUIS FITZGERALD,

Chairman, Union Pacific Reorganization Committee.

NEW YORK, January 20, 1897.

LOUIS FITZGERALD, Esq.,
*Chairman of the Reorganization Committee of the
 Union Pacific Railway Company.*

SIR: I beg to acknowledge receipt of your letter of this date, addressed to me.
 The arrangement between your committee and the United States being closed
 thereby as provided in my last letter, I hereby designate as a depositary the United
 States Trust Company of New York.

Yours, truly,

JUDSON HARMON,
Attorney-General of the United States.

UNITED STATES TRUST COMPANY OF NEW YORK,
 45-47 WALL STREET.

United States Trust Company of New York hereby certifies that there has been
 deposited with it by Louis Fitzgerald, chairman of the reorganization committee of
 the Union Pacific Railway Company, the sum of four million five hundred thousand
 dollars (\$4,500,000) under the terms of and for the purposes named in the agreement
 embodied in the letter of said Fitzgerald to Honorable George Hoadly, special
 assistant to the Attorney-General of the United States, dated January 15th, 1897;
 the letter of Judson Harmon, Attorney-General of the United States, to said Fitz-
 gerald, dated January 18th, 1897, and the letter of said Fitzgerald to Judson Har-
 mon, Attorney-General, dated January 20th, 1897, copies of which letters are
 attached hereto; and said United States Trust Company of New York hereby agrees
 to hold said deposit for and apply the same to the uses and purposes set forth in
 said letters. Said trust company agrees to allow interest on said deposit at such
 rate as may from time to time be agreed upon.

Given in duplicate this 21st day of January, 1897.

JOHN A. STEWART, *President.*
 H. L. THORNELL, *Secretary.*

[SEAL.]

This proposition will result in the payment to the Government of the
 sum of \$45,754,059.99 on account of its claims against the Union Pacific
 Railroad Company and the Kansas Pacific Railway Company. These
 claims on December 31, 1896, amounted to \$69,982,188.45. This sum
 represents \$33,539,512 of principal and \$36,442,676.45 of unpaid interest.

The following are the amounts of interest which have been heretofore
 paid by the Union Pacific and Kansas Pacific companies to the United
 States by transportation earnings allowed and credited to interest and
 by cash payment:

Union Pacific	\$15,691,668.05
Kansas Pacific	4,499,003.38
Union Pacific cash	438,409.58
Total	20,629,081.01

The proposed bid of \$45,754,059.99 exceeds the principal amount due
 by \$12,214,547.99. Adding this amount to the amounts above stated
 as having been heretofore paid for account of interest, the total will be
 found to be \$32,843,629.

It therefore follows that the result of the negotiation is to refund to
 the United States the principal amount advanced and the sum of
 \$32,843,629, on account of interest. This, for the thirty years' period
 during which the bonds have run, will be equivalent to something over
 3 per cent.

Looking at it from another point of view, the company's obligation is
 \$69,982,188.45. The offer is \$45,754,059.99. This is equivalent to about
 65 per cent.

The Government directors have always reported themselves to be
 entirely opposed to Government ownership or management of railways,
 and the fact, therefore, that the acceptance of the proposition made by

the reorganization committee would lead to an absolute and complete severance of all relations between the Government and the Union Pacific Railway Company is a circumstance which strongly commended this proposition to our favor.

The most important question is whether under this proposition the Government will realize as large a return as could have been obtained from a funding bill or from any of the other forms of settlement attempted in Congress. Under the Powers bill, for instance, the prior first lien was \$54,300,000, and the amount of bonds given to the Government about \$54,000,000. These bonds were to bear 2 per cent interest, and if sold on the market would not, in our opinion, command more than 35 per cent. We, of course, make this estimate without guarantee by the Government. Under the Powers funding bill the Government would also realize the amount of the sinking fund, \$17,000,000, and the value of its second mortgage bonds, \$20,000,000—in all, \$37,000,000. It is therefore manifest that the cash offer of \$45,754,059.99 is much to be preferred.

In addition to the mere business view relating to the cash value of the securities to be given to the United States under the provisions of the Powers bill, as compared with the cash offer made by the reorganization committee, we are satisfied that the holding by the Government of \$54,000,000 of 2 per cent bonds, secured by a second lien, would result unfavorably to the United States. The Government would be exposed to repeated attacks, or entreaties asking for remission of payment of sinking-fund obligations, and at the maturity of the bonds would find itself confronted with the same difficulties which have always embarrassed every effort which has been made to secure the payment of this claim.

The sale of the road will be open and public, so that if a higher bid than the one guaranteed by the reorganization committee should be made the United States will obtain the benefit of such bid.

This whole subject was placed before the Government directors before any action was had, and we advised the acceptance of the proposition and the institution of foreclosure proceedings. This report is now made for the purpose of taking formal action and of placing our report on the records of your Department.

All of which is respectfully submitted.

E. ELLERY ANDERSON,
J. W. DOANE,
J. N. H. PATRICK,
W. J. COOMBS,
JOHN SHERIDAN,
Government Directors.

Hon. DAVID R. FRANCIS,
Secretary, Department of the Interior,
Washington, D. C.

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(Reprint of October 1, 1945.)

ARTICLES OF ASSOCIATION

OF

UNION PACIFIC RAILROAD COMPANY

Original, filed July 1, 1897.

First Amendment, filed January 10, 1899.

Second Amendment, filed October 9, 1899.

Third Amendment, filed March 21, 1901.

Fourth Amendment, filed May 9, 1905.

Fifth Amendment, filed June 24, 1907.

Sixth Amendment, filed May 9, 1945.

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*Filed and certified
issued June 28, 1947
M. J. [Signature]
Secretary of State*

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ARTICLES OF ASSOCIATION

OF

UNION PACIFIC RAILROAD COMPANY.

STATE OF UTAH, }
County of Salt Lake, } ss.:

KNOW ALL MEN BY THESE PRESENTS, that we, the undersigned, whose names are hereunto subscribed, do hereby certify and declare that we, have, under and in pursuance of an Act of the legislature of the State of Utah, entitled "An Act to provide for the formation of railroad corporations for the purpose of purchasing, owning, maintaining, operating and extending railroad lines, franchises, properties and appurtenances, authorizing the issue of bonds, making deeds of trust and mortgages, and defining the rights and powers of such corporations," and approved January 22, 1897, associated ourselves together as a corporation for the purpose of buying, owning, maintaining, operating and further extending the railroads, rights, property and franchises hereafter in these articles described, and we further certify and declare that we have adopted, and do hereby adopt, the following

ARTICLES OF ASSOCIATION

ARTICLE 1. The corporate name of the corporation hereby formed shall be "Union Pacific Railroad Company." By that name the persons subscribing

these Articles of from time to time hereby form with power to ad to acquire and h tracts, fix and p sation for the e generally to do h effect the po

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these Articles of Association and all persons who may from time to time become shareholders in the corporation hereby formed shall have perpetual succession, with power to adopt a common seal, to sue and be sued, to acquire and hold and convey property, to make contracts, fix and prescribe tariffs and rates of compensation for the carriage of persons and property, and generally to do all acts necessary or proper to carry into effect the powers and purposes of said corporation.

ARTICLE 2. Said corporation shall continue in existence for the period of fifty years from the date of the filing of these articles of association in the office of the Secretary of State of the State of Utah.

ARTICLE 3. Said corporation shall possess all of the powers, rights and franchises specified, referred to or provided for in these Articles of Association, and also all of the powers which by said Act above entitled, approved January 22, 1897, corporations formed under and pursuant to the said Act are entitled to have, possess and enjoy, as fully as if all of the provisions of the said Act in this behalf were herein set forth at large, and also all the powers, rights, privileges and franchises of railroad corporations organized under the laws of the State of Utah, or under the laws of other States or Territories or of the United States, as hereinafter provided.

ARTICLE 4. The amount of the capital stock of the said corporation shall be one hundred and thirty-six million dollars (\$136,000,000), which shall be divided into and represented by one million three hundred and sixty thousand (1,360,000) shares of the par value of one hundred dollars (\$100) each, and each of which shares shall be entitled to one vote at any meeting of stockholders.

Of such capital stock, seven hundred and fifty thousand (750,000) shares of one hundred dollars (\$100) each may be issued as preferred stock, and six hundred

and ten thousand
dollars (\$100) each.

Such preferred stock shall have priority over the common stock in the payment of dividends in each year not exceeding four per cent of net profits, as shall be determined by the Directors. Such dividend shall not be paid until the preferred stock has received its further share of the profits as provided by the laws to which this article.

ARTICLE 5. The names of the persons who shall serve as Directors of the corporation are as follows:

Edward Dickinson...
Joseph H. Millard...
John A. Maureo...
Thomas M. Orr...
George Q. Cannon...
Le Grand Young...
Alexander Millar...
James G. Harris...
Otto H. Kahn...
Henry C. Denning...
Alvin W. Kreech...
Felix M. Warburg...
Ernest R. Ade...
George H. Squire...
Lawrence Greer...

ARTICLE 6. The corporation shall be formed for, and shall own, hold, enjoy, and operate the railroad, property

and ten thousand (610,000) shares of one hundred dollars (\$100) each may be issued as common stock.

Such preferred stock shall be entitled in preference and priority over the common stock of said corporation to dividends in each and every fiscal year at such rate not exceeding four per cent. per annum, payable out of net profits, as shall be declared by the Board of Directors. Such dividends are to be non-cumulative and the preferred stock is entitled to no other or further share of the profits. The directors may adopt proper by-laws to carry into effect the provisions of this article.

ARTICLE 5. The number of directors to manage and control the affairs of this Corporation shall be fifteen, and the names and residences of those who shall serve as directors for the first year and until their successors are chosen and qualified are:

Edward Dickinson.....	Omaha, Nebraska.
Joseph H. Millard.....	Omaha, Nebraska.
John A. Munroe.....	Omaha, Nebraska.
Thomas M. Orr.....	Omaha, Nebraska.
George Q. Cannon.....	Salt Lake City, Utah.
Le Grand Young.....	Salt Lake City, Utah.
Alexander Millar.....	Boston, Mass.
James G. Harris.....	Boston, Mass.
Otto H. Kahn.....	New York City, N. Y.
Henry C. Deming.....	New York City, N. Y.
Alvin W. Kreech.....	New York City, N. Y.
Felix M. Warburg.....	New York City, N. Y.
Ernest R. Adee.....	New York City, N. Y.
George H. Squire.....	New York City, N. Y.
Lawrence Green.....	New York City, N. Y.

ARTICLE 6. The said corporation is organized and formed for, and shall have the power, to purchase, own, hold, enjoy, maintain, operate and further extend the railroad, property, rights and franchises, or any

all persons who may
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part thereof, belonging to The Union Pacific Railway Company, a corporation formed by Articles of Union and Consolidation between The Union Pacific Railroad Company, the Kansas Pacific Railway Company and the Denver Pacific Railway and Telegraph Company, which Articles of Union and Consolidation bear date January 24, 1880, and were filed in the Department of the Interior of the United States at Washington, in the District of Columbia, on or about January 26, 1880.

The said corporation hereby formed shall have the power to acquire, possess and enjoy the lands and land grants, or any part thereof, and all rights with respect thereto of the said The Union Pacific Railway Company or any or either of its constituent companies; And the said corporation hereby formed shall have power to construct or acquire by lease, purchase, consolidation, ownership of capital stock, or otherwise, branches, extensions and connecting or auxiliary lines within or without this State, as the board of directors may from time to time deem expedient and as may be authorized by law.

The termini of the said railroad which the said corporation hereby formed is authorized to acquire, enjoy and operate, as now constructed, and the States and counties through which the said railroad passes are as follows, to wit:

Said railroad extends from a point about five miles west of Ogden, in the County of Weber, in the State of Utah, easterly through said county and said city of Ogden therein, and through the Counties of Davis, Morgan and Summit, in said State of Utah, and the Counties of Uintah, Sweetwater, Carbon, Albany and Laramie, in the State of Wyoming; and through the County of Sedgwick, in the State of Colorado, and through the counties of Kimball, Cheyenne, Deuel, Keith, Lincoln, Dawson, Buffalo, Hall, Merrick, Platte, Colfax, Dodge, Sarpy and Douglas, in the State of Nebraska, to Council Bluffs, in the County of Pottawattamie, in the State of Iowa; and from Cheyenne, in

the County of Laramie, easterly through said Weld and Arapahoe, Denver, in said last-mentioned Denver and Arapahoe, Elbert, Lincoln, of Colorado, and the C. Trego, Ellis, Russell, Douglas, Leavenworth, Kansas, to Kansas City, in the State of Missouri; and the said railroad, by consolidation, with the railroad and property Company.

Together with the railroad or railroad company hereby formed by law to be.

ARTICLE 7.
be vested with the powers, rights and the time of the corporation and the rule thereof, and the enforcement of it, as all the rights of the corporations of Utah, including the State of 1897; and the branches of

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the County of Laramie, in the State of Wyoming, southerly through said county and the Counties of Weld and Arapahoe, in the State of Colorado, to Denver, in said last-mentioned county and state; and from said Denver easterly through the Counties of Arapahoe, Elbert, Lincoln and Cheyenne, in the State of Colorado, and the Counties of Wallace, Logan, Gove, Trego, Ellis, Russell, Ellsworth, Saline, Dickinson, Geary, Riley, Pottawatomie, Shawnee, Jefferson, Douglas, Leavenworth and Wyandotte, in the State of Kansas, to Kansas City, in the County of Jackson, in the State of Missouri; the said railroad above described being the railroad, which by said Articles of Union and Consolidation, dated January 24, 1880, became the railroad and property of said The Union Pacific Railway Company.

Together with such branches and extensions of said railroad or railroads, or any part thereof, as the company hereby formed may from time to time be authorized by law to construct, operate, acquire and maintain.

ARTICLE 7. The corporation hereby formed shall be vested with and entitled to exercise and enjoy all the powers, rights, privileges and franchises which at the time of the acquisition of the said railroads by the corporation hereby formed, or at the time of the sale thereof, under judicial proceedings, or in the enforcement of mortgage or other liens or at private sale, belonged to or were vested in The Union Pacific Railway Company or in the corporation or corporations last owning the said railroads and properties, as well as all the rights, privileges and franchises of railroad corporations organized under the laws of the State of Utah, including the aforesaid recited Act of the legislature of the State of Utah, approved January 22, 1897; and said corporation shall also possess in each State or Territory as respects its railroads or any branches or extensions thereof situate therein, all of

the powers, rights, privileges and franchises of corporations organized in the Territory or of the United States.

ARTICLE 8. The corporation hereby formed may construct or acquire ownership of capital stock, bonds, debentures, extensions and income of the State, and for such from time to time as or preferred, or both for such sum of money and places and draw on the State may deem proper and lands, or at any time to be purchased, conveyed or extended by the director, may be made or obligations, or auxiliary, of the corporate powers, it may execute, contracts, conveyances, acts as the director, and shall not be inconsistent with the Constitution and laws of the State. The company hereby formed may merge itself into any other corporation in this or other State or Territory, or to law. It may also be an Association, increasing its capital stock, agreeably with law, and the corporation hereby formed.

ARTICLE 9. The corporation hereby formed may from time to time do all things not inconsistent with the Constitution and laws of the State, and shall be subject to the laws of the State.

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the powers, rights, privileges and franchises of railroad corporations organized under the laws of such State or Territory or of the United States.

ARTICLE 8. The corporation hereby formed may construct or acquire by lease, purchase, consolidation, ownership of capital stock, or otherwise, branches, extensions and connecting lines within or without this State, and for such purposes, or any of them, may from time to time create and issue its stock, common or preferred, or both, and execute bonds and mortgages for such sum or sums, and payable at such times and places and drawing such rate of interest as the directors may deem proper, and may use such stock and bonds, or any part thereof, in payment of property to be purchased by such corporation or the improvement or extension thereof upon such terms as the directors may deem expedient, may guarantee the bonds or obligations of extension, branch, connecting or auxiliary lines of railroad, and in exercising its corporate powers, it may make such leases, purchases, contracts, conveyances, consolidations and do such acts as the directors may deem necessary or expedient not inconsistent with these Articles or with the Constitution and laws of the State of Utah. The company hereby formed may also consolidate with or merge itself into any other railway company or companies in this or other States or Territories pursuant to law. It may also from time to time amend these Articles of Association by filing amended Articles of Association, increasing the capital stock, or otherwise, agreeably with law, enlarging or changing the powers of the corporation hereby formed.

ARTICLE 9. The Board of Directors of said corporation may from time to time adopt and change by-laws not inconsistent with the provisions of these Articles or the Constitution and laws of the State of Utah. Said by-laws shall provide for annual elections of

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directors by the stockholders and for the election by the directors of a President and Vice-President and for the election or appointment of such other officers as shall be prescribed in such by-laws. Shareholders' or other corporate meetings may be held at such place or places in the United States as the by-laws may prescribe.

ARTICLE 10. Stockholders shall not be individually liable for the debts of the corporation.

This corporation does not assume and shall not be liable for the debts, obligations or liabilities of the Union Pacific Railway Company or of any corporation or company whose powers, rights, privileges, railroads and franchises it shall purchase or acquire.

IN TESTIMONY WHEREOF, we have hereunto subscribed our names this 23rd day of June, 1897.

EDWARD DICKINSON
OTTO H. KAHN
H. C. DEMING
ALVIN W. KRECH
FELIX M. WARBURG
E. R. ADEE
GEO. H. SQUIRE
LAWRENCE GREER
ALEXANDER MILLAR,
JAMES G. HARRIS.

STATE OF NEW YORK,
City and County of New York

On this twenty-third day of June, 1897, the undersigned notary public, Edward Dickinson, Otto H. Kahn, Alvin W. Krech, Felix M. Warburg, George H. Squire and Lawrence Greer, known to me to be duly qualified in and to the laws of the State of New York, and they all signed the foregoing articles, and purposes thereof.

In witness whereof, I have hereunto subscribed my name and affixed my official seal.

[SEAL]

COMMONWEALTH of Massachusetts,
County of Suffolk

On this 24th day of June, 1897, the undersigned, a notary public, Alexander Millar and James G. Harris, known to me to be duly qualified in and to the laws of the Commonwealth of Massachusetts, and they all signed the foregoing articles, and purposes thereof.

In witness whereof, I have hereunto subscribed my name and affixed my official seal.

[SEAL]

Filed and certified

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UPRRIG-000156

(First Amendment, filed January 10, 1899.)

AMENDMENT TO ARTICLES OF ASSOCIATION
OF
UNION PACIFIC RAILROAD COMPANY.

STATE OF UTAH, } ss.:
County of Salt Lake, }

Know all men by these presents, that Union Pacific Railroad Company, a corporation organized and existing under the laws of the State of Utah, does hereby, for the purpose of increasing its common capital stock by the amount of \$27,460,100, amend its Articles of Association by substituting as Article 4 thereof, and in the place of said Article as originally and heretofore existing, the following:

"ARTICLE 4. The amount of the capital stock of the said corporation shall be One hundred and sixty-three million four hundred and sixty thousand one hundred dollars (\$163,460,100), which shall be divided into and represented by One million six hundred and thirty-four thousand six hundred and one (1,634,601) shares of the par value of One hundred dollars (\$100) each, and each of which shares shall be entitled to one vote at any meeting of stockholders.

Of such capital stock Seven hundred and fifty thousand (750,000) shares of One hundred dollars (\$100) each may be issued as preferred stock, and Eight hundred and eighty-four thousand six hundred and one (884,601) shares of One hundred dollars (\$100) each may be issued as common stock.

Such preferred stock shall be entitled in preference and priority over the common stock of said corporation, to dividends in each and every fiscal year at such rate not exceeding four per cent. per annum, payable out of net profits, as shall be declared by the Board of Directors. Such dividends are to be non-cumulative, and the preferred stock is entitled to no other or further share of the profits. The directors may adopt

proper by-laws to carry into effect the foregoing Articles.

Dated January 10th, 1899,

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Preside

[SEAL]

Secretary

Attest:

JOSEPH MILLAR,
Secretary of Union P
R Railroad Company.

Executed: Filed in Tax &
County, Utah, Jan. 10, 1899.

David C. D
By 1

STATE OF UTAH, } ss.:
County of Salt Lake, }

I, DAVID C. DEXMAN, County Clerk of Salt Lake, in the presence of the foregoing is a copy of the original amendment Association of Union Pacific appears of record in my office.

IN WITNESS WHEREOF, I have and affixed my official seal, this A. D. 1899

DAVID C. D

[SEAL]

By
E. G.

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this Article."

Dated January 10th, 1899.

HORACE G. BURT,
President of Union Pacific
Railroad Company.

[SEAL]

ALEX. MILLAR,
Secretary of Union Pacific
Railroad Company.

Attest:

ALEX. MILLAR,
Secretary of Union Pacific
Railroad Company.

ENDORSED: Filed in The Clerk's Office, Salt Lake
County, Utah, Jan. 10, 1899.

DAVID C. DENBAR, County Clerk,
By E. G. REEDALL, Deputy.

STATE OF UTAH, } ss.
County of Salt Lake, }

I, DAVID C. DENBAR, County Clerk in and for the
County of Salt Lake, in the State of Utah, do hereby
certify that the foregoing is a full, true and correct
copy of the original amendments to the Articles of
Association of Union Pacific Railroad Company, as
appears of record in my office.

IN WITNESS WHEREOF, I have hereunto set my hand
and affixed my official seal, this tenth day of January,
A. D. 1899.

DAVID C. DENBAR, County Clerk.

By

[SEAL]

E. G. REEDALL, Deputy Clerk.

Filed and certificate issued Jan. 10, 1899.

J. T. HAMMOND,
Secretary of State.

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(Second Amendment)

AMENDMENT TO ARTICLES

OF

UNION PACIFIC RAIL

STATE OF UTAH, } ss.
County of Salt Lake, }

Know all men by these pre-
sented, that the Union Pacific
Railroad Company, a corpora-
tion organized under the laws of the State of Utah,
for the purpose of increasing
the amount of its capital stock
by the amount of \$25,000,000
of stock by the amount of \$7,711
of stock by substituting
in the place of said Article
existing in the following:

"ARTICLE 1. The amount of
said corporation shall be 63
million one hundred and 50
hundred dollars (\$63,178,500)
into and represented by 63
and sixty-one thousand seven
(1,961,787) shares of the 1
dollars (\$100) each, and each
entitled to one vote at any in

Of such capital stock, One
of One hundred dollars (\$1
preferred stock, and nine h
and seven hundred and ei
of One hundred dollars (\$1
common stock.

Such preferred stock sh
and priority over the comm
to dividends in each and
rate not exceeding four p
out of net profits, as shall
Directors. Such dividend
and the preferred stock

(Second Amendment, filed October 9, 1899.)

AMENDMENT TO ARTICLES OF ASSOCIATION
OF
UNION PACIFIC RAILROAD COMPANY.

STATE OF UTAH, }
County of Salt Lake, } ss.:

Know all men by these presents, that Union Pacific Railroad Company, a corporation organized and existing under the laws of the State of Utah, does hereby, for the purpose of increasing its preferred capital stock by the amount of \$25,000,000, and its common capital stock by the amount of \$7,718,600, amend its Articles of Association by substituting as Article 4 thereof, and in the place of said Article as amended and heretofore existing, the following:

"ARTICLE 4. The amount of the capital stock of the said corporation shall be One hundred and ninety-six million one hundred and seventy-eight thousand seven hundred dollars (\$196,178,700), which shall be divided into and represented by One million nine hundred and sixty-one thousand seven hundred and eighty-seven (1,961,787) shares of the par value of One hundred dollars (\$100) each, and each of which shares shall be entitled to one vote at any meeting of stockholders.

Of such capital stock, One million (1,000,000) shares of One hundred dollars (\$100) each may be issued as preferred stock, and nine hundred and sixty-one thousand seven hundred and eighty-seven (961,787) shares of One hundred dollars (\$100) each may be issued as common stock.

Such preferred stock shall be entitled in preference and priority over the common stock of said corporation to dividends in each and every fiscal year at such rate not exceeding four per cent. per annum, payable out of net profits, as shall be declared by the Board of Directors. Such dividends are to be non-cumulative, and the preferred stock is entitled to no other or

12

further share of the profits, proper by-laws to carry out this Article."

Dated October 9th, 1899.

Presi

[S. C.]

Secy

Attest:

ALEX. MILLAR,
Secretary of Union
Railroad Company

ENDORSED: No. 2090.
Union Pacific Railroad Company,
Salt Lake County, Utah, O
Salt Lake County Clerk, By Attn

STATE OF UTAH, }
County of Salt Lake, } ss.

I, DAVID C. DENSMORE, Co
County of Salt Lake, in th
certify that the foregoing
copy of the original amend
ment of the Union Pacific
filed October 9, 1899, as
office.

IN WITNESS WHEREOF, I
and affixed my official seal
A. D. 1899.

Do

By

[S. C.]

Filed and certified to be so

further share of the profits. The directors may adopt proper by-laws to carry into effect the provisions of this Article."

Dated October 9th, 1899.

HONORABLE G. BURR,
President of Union Pacific
Railroad Company.

[SEAL]

ALEX. MILLAR,
Secretary of Union Pacific
Railroad Company.

Attest:

ALEX. MILLAR,
Secretary of Union Pacific
Railroad Company.

ENDORSED: No. 2090. Amendment to Union Pacific Railroad Company. Filed in the Clerk's Office Salt Lake County, Utah, Oct. 9, 1899. DAVID C. DENBAR, County Clerk, By ALBERT J. SEARE, Deputy.

STATE OF UTAH, 1899.
County of Salt Lake, 1899.

I, DAVID C. DENBAR, County Clerk in and for the County of Salt Lake, in the State of Utah, do hereby certify that the foregoing is a full, true and correct copy of the original amendment to the articles of association of the Union Pacific Railroad Company, as filed October 9, 1899, as appears of record in my office.

In witness whereof, I have hereunto set my hand and affixed my official seal, this 9th day of October, A. D. 1899.

DAVID C. DENBAR, County Clerk.

By

ALBERT J. SEARE, Deputy Clerk.

[SEAL]

Filed and certified to Oct. 9, 1899.

J. T. HAMMOND,
Secretary of State.

(Third Amend-
AMENDMENT TO

UNION PACIFIC

STATE OF UTAH,
County of Salt Lake, 1899

"Know all men by the Railroad Company, a corporation under the laws of the State of Utah, for the purpose of the stock by the amount of the said stock, and amend its said articles of association as follows:

"ARTICLE 4. The amount said corporation shall be to million one hundred and seventy hundred dollars (\$2,961,787) into and represented by two hundred and seventy thousand (296,178) shares of the paid up capital stock, One in hundred dollars (\$100) of such capital stock, One in hundred dollars (\$100) of one hundred dollars (\$100) preferred stock, and one million six hundred thousand seven hundred (1,961,787) shares of one hundred dollars common stock.

"Such preferred stock shall be and priority over the common stock to dividends in each and every rate, not exceeding four per cent. out of net profits, as shall be declared by the Directors. Such dividends are to be paid to the holders of the preferred stock and the preferred stock is entitled to

(Third Amendment, filed March 23, 1901.)

**AMENDMENT TO ARTICLES OF ASSOCIATION
OF
UNION PACIFIC RAILROAD COMPANY.**

STATE OF UTAH, }
County of Salt Lake, } ss.:

"Know all men by these presents, that Union Pacific Railroad Company, a corporation organized and existing under the laws of the State of Utah, does hereby, for the purpose of increasing its common capital stock by the amount of one hundred million dollars (\$100,000,000), amend its Articles of Association by substituting as Article 4 thereof, and in the place of said article as originally and heretofore existing, the following:

"ARTICLE 4. The amount of the capital stock of the said corporation shall be two hundred and ninety-six million one hundred and seventy-eight thousand seven hundred dollars (\$296,178,700), which shall be divided into and represented by two million nine hundred and sixty-one thousand seven hundred and eighty-seven (2,961,787) shares of the par value of one hundred dollars (\$100) each, and each of which shares shall be entitled to one vote at any meeting of stockholders. Of such capital stock, One million (1,000,000) shares of one hundred dollars (\$100) each may be issued as preferred stock, and one million nine hundred and sixty-one thousand seven hundred and eighty-seven (1,961,787) shares of one hundred dollars (\$100) each may be issued as common stock.

"Such preferred stock shall be entitled in preference and priority over the common stock of said corporation to dividends in each and every fiscal year at such rate, not exceeding four per cent. per annum, payable out of net profits, as shall be declared by the Board of Directors. Such dividends are to be non-cumulative, and the preferred stock is entitled to no other or further

share of the profits. The direct by-laws to carry into effect Article 4.

Dated March 23rd, 1901.

Hon.
President

{SEAL}

At
Secretary

Attest:

ALEX. MULLER,
Secretary of Union Pacific
Railroad Company.

STATE OF UTAH, }
County of Salt Lake, } ss.:

I, JOHN JAMES, County Clerk of Salt Lake, State of Utah, do foregoing is a full, true and correct copy of the Amendment to Articles of Association of Union Pacific Railroad Company, as appears of record, and I have and affixed my official seal this 23rd day of March, 1901.

{SEAL} Jan.
(Revenue Stamp)

STATE OF UTAH, }
County of Salt Lake, } ss.:

I, JOHN JAMES, County Clerk of Salt Lake, State of Utah, do hereby certify that the foregoing is a full, true and correct copy of the Amendment to Articles of Association of Union Pacific Railroad Company, as appears of record, and I have and affixed my official seal this 23rd day of March, 1901.

{SEAL} At
(Revenue Stamp)

Filed and certificate issued

share of the profits. The directors may adopt proper by-laws to carry into effect the provisions of this Article."

Dated March 23rd, 1901.

[SEAL.] HORACE G. BURT,
President of Union Pacific
Railroad Company.
ALEX. MILLAR,
Secretary of Union Pacific
Railroad Company.

Afford:
ALEX. MILLAR,
Secretary of Union Pacific
Railroad Company.

STATE OF UTAH, }
County of Salt Lake, } ss.

I, JOHN JAMES, County Clerk in and for the County of Salt Lake, State of Utah, do hereby certify that the foregoing is a full, true and correct copy of Amendment to Articles of Association of Union Pacific Railroad Company, as appears of record in my office.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal this 23rd day of March, 1901.

[SEAL.] JOHN JAMES County Clerk,
(Revenue Stamp.)

STATE OF UTAH, }
County of Salt Lake, } ss.

I, JOHN JAMES, County Clerk in and for the County of Salt Lake, State of Utah, do hereby certify that the Union Pacific Railroad Company has duly filed in my office Amendment to Articles of Association as required by Chapter 1 of Title 11, Revised Statutes of Utah; and Chapter XXVI of the Laws of Utah, 1901.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal this 23rd day of March, 1901.

[SEAL.] JOHN JAMES County Clerk,
(Revenue Stamp.)

Filed and certificate issued Mar. 23, 1901.

J. T. HAMMOND,
Secretary of State.

(Fourth Amendment)

AME. EMERSON
LINC.

UNION PACIFIC R

STATE OF UTAH, }
County of Salt Lake, } ss.

"Know all men by these said laws of the for the purpose of One by the amount of One (2100,000,000) amend its A substituting as Article 4 in said Article as amended a following:—

'Article 4. The amount of said corporation shall be Three million one hundred and seventy hundred dollars (\$3,061,787.70) into and represented by 21 and sixty-one thousand seven (3,061,787) shares of the par value of one hundred dollars (\$100) each, and each entitled to one vote at any Of such capital stock Two of the par value of one hundred be issued as preferred stock, dred and sixty-one thousand seven (3,061,787) shares of the dollars (\$100) each may be Such preferred stock shall 1 and priority over the cumulation to dividends in each and rate not exceeding four per payable out of the net profits, the Board of Directors. Su

(Fourth Amendment, filed May 9, 1905.)

AMENDMENT TO ARTICLES OF
INCORPORATION

OF

UNION PACIFIC RAILROAD COMPANY.

STATE OF UTAH, }
County of Salt Lake, } ss.:

"Know all men by these presents, that Union Pacific Railroad Company, a corporation organized and existing under the laws of the State of Utah, does hereby for the purpose of increasing its preferred stock by the amount of One hundred million dollars (\$100,000,000.) amend its Articles of Incorporation by substituting as Article 4 thereof and in the place of said Article as amended and heretofore existing the following:—

"Article 4. The amount of the capital stock of the said corporation shall be Three hundred and ninety-six million one hundred and seventy-eight thousand seven hundred dollars (\$396,178,700.) which shall be divided into and represented by Three million nine hundred and sixty-one thousand seven hundred and eighty-seven (3,961,787) shares of the par value of One hundred dollars (\$100) each, and each of which shares shall be entitled to one vote at any meeting of stockholders. Of such capital stock Two million (2,000,000) shares of the par value of one hundred dollars (\$100) each may be issued as preferred stock, and one million nine hundred and sixty-one thousand seven hundred and eighty-seven (1,961,787) shares of the par value of one hundred dollars (\$100) each may be issued as common stock. Such preferred stock shall be entitled in preference and priority over the common stock of said corporation to dividends in each and every fiscal year at such rate not exceeding four per cent (4%) per annum, payable out of the net profits, as shall be declared by the Board of Directors. Such dividends are to be

non-cumulative and the no other or further share may adopt proper by-laws in violation of this Article."

Dated the Fifth day of May, 1905.

Attest

ALEX MILLAR

Secretary of the
(CORPORATE SEAL)

No. 2000 "Amendment to Articles of Incorporation of Union Pacific Railroad Company" Filed in County, Utah, May 9, 1905.

J. U.

STATE OF UTAH, }
County of Salt Lake, }

I, J. U. ELLIOTT, JR., County of Salt Lake, do hereby certify that the foregoing is a true and correct copy of the original and amended Articles of Incorporation of the Union Pacific Railroad Company as appears of record in the County of Salt Lake, Utah.

In Witness Whereof, I have hereunto set my hand and official seal this 9th day of May, 1905.

{SEAL}

J. U.

Filed and certificate issued.

non-cumulative and the preferred stock is entitled to no other or further share of the profits. The Directors may adopt proper by-laws to carry into effect the provisions of this Article.

Dated the Fifth day of May, Nineteen hundred and five.

E. H. HARRIMAN
President of Union Pacific
Railroad Company.

ALEX. MILLAR
Attest: Secretary of Union Pacific
ALEX. MILLAR Railroad Company.
(CORPORATE SEAL) Secretary of Union Pacific
Railroad Company.

No. 2090 "Amendment to the Union Pacific Railroad Company" Filed in the Clerk's Office, Salt Lake County, Utah, May 9, 1905.

J. U. ELDREDGE, JR., County Clerk.

STATE OF UTAH, }
County of Salt Lake, }

I, J. U. ELDREDGE, JR., County Clerk in and for the County of Salt Lake, in the State of Utah, do hereby certify that the foregoing is a full, true and correct copy of the original AMENDMENT to the Articles of Incorporation of the "UNION PACIFIC RAILROAD COMPANY," as appears of record in my office.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal, this 9th day of May A. D. 1905

[SEAL] J. U. ELDREDGE JR., County Clerk.

Filed and certificate issued this 9th day of May, 1905.

C. S. TINGEY,
Secretary of State.

(Fifth Amendment, Filed June 17, 1905)
AMENDMENT TO ARTICLES OF
OF
UNION PACIFIC RAILROAD

STATE OF UTAH, }
County of Salt Lake, }

KNOW ALL MEN BY THESE PRESENTS, Railroad Company, a corporation existing under the laws of the State of Utah, for the purpose of increasing its capital stock by the amount of one hundred (\$100,000.00) shares, and substituting as Article 4 thereof said Article as amended and hereinafter following:

"ARTICLE 4. The amount of the said corporation shall be four hundred million one hundred and seventy-eight thousand dollars (\$496,178,700.), which shall be divided into and represented by four million six hundred and sixty-one thousand seven hundred and sixty-one (4,661,761) shares of the par value of one hundred dollars (\$100) each, and each of which shall be entitled to one vote at any meeting.

Of such capital stock, two million of the par value of one hundred dollars each shall be issued as preferred stock, and the remaining six hundred and sixty-one thousand seven hundred and sixty-one (2,661,761) shares of the par value of one hundred dollars (\$100) each may be issued.

Such preferred stock shall be entitled to priority over the common stock in the payment of dividends in cash and in kind, not exceeding four per cent payable out of the net profits, as determined by the Board of Directors. Such stock shall be non-cumulative, and the preferred

(Fifth Amendment, filed June 24, 1907.)

AMENDMENT TO ARTICLES OF ASSOCIATION

OF

UNION PACIFIC RAILROAD COMPANY.

STATE OF UTAH, } ss.:
County of Salt Lake, }

KNOW ALL MEN BY THESE PRESENTS, that Union Pacific Railroad Company, a corporation organized and existing under the laws of the State of Utah, does hereby, for the purpose of increasing its common capital stock by the amount of one hundred million dollars (\$100,000,000), amend its Articles of Incorporation by substituting as Article 4 thereof, and in the place of said Article as amended and heretofore existing, the following:

"ARTICLE 4. The amount of the capital stock of the said corporation shall be four hundred and ninety-six million one hundred and seventy-eight thousand seven hundred dollars (\$496,178,700.), which shall be divided into and represented by four million nine hundred and sixty-one thousand seven hundred and eighty-seven (4,961,787) shares of the par value of one hundred dollars (\$100) each, and each of which shares shall be entitled to one vote at any meeting of stockholders.

Of such capital stock, two million (2,000,000) shares of the par value of one hundred dollars (\$100) each may be issued as preferred stock, and two million nine hundred and sixty-one thousand seven hundred and eighty-seven (2,961,787) shares of the par value of one hundred dollars (\$100) each may be issued as common stock.

Such preferred stock shall be entitled, in preference and priority over the common stock of said corporation, to dividends in each and every fiscal year, at such rate, not exceeding four per cent (4%) per annum, payable out of the net profits, as shall be declared by the Board of Directors. Such dividends are to be non-cumulative, and the preferred stock is entitled to

no other or further share or may adopt proper by-laws to visions of this article."

Dated the fifteenth day of and seven.

Pre

[SEAL]

Attest:

W. M. MILAN,
Secretary of Union
Railroad

STATE OF UTAH, } ss.
County of Salt Lake, }

I, J. U. ELAMORE, Jr., Co
County of Salt Lake, in the
certify that the foregoing i
copy of the original Amer
Incorporation of the Union
as made on the 15th day of
record in my office.

IN WITNESS WHEREOF, I h
and affixed my official seal
A. D. 1907.

[SEAL]

Filed and certificate issued

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no other or further share of the profits. The directors may adopt proper by-laws to carry into effect the provisions of this article."

Dated the fifteenth day of June, nineteen hundred and seven.

E. H. HARRIMAN,
President of Union Pacific
Railroad Company.

[SEAL]

ALEX MILLAR,
Secretary of Union Pacific
Railroad Company.

Attest:

ALEX MILLAR,
Secretary of Union Pacific
Railroad Company.

STATE OF UTAH, }
County of Salt Lake, } ss.-

I, J. U. ELDRIDGE, Jr., County Clerk in and for the County of Salt Lake, in the State of Utah, do hereby certify that the foregoing is a full, true and correct copy of the original Amendment to the Articles of Incorporation of the UNION PACIFIC RAILROAD COMPANY as made on the 15th day of June, 1907, as appears of record in my office.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal, this 24th day of June A. D. 1907.

J. U. ELDRIDGE, JR.,
County Clerk.

[SEAL]

Filed and certificate issued this 24th day of June, 1907.

C. S. TINGEY,
Secretary of State.

(Sixth Amend-
AMENDMENT TO A
UNION PACIFIC

STATE OF UTAH }
County of Salt Lake } ss.

ALL MEN BY
PACIFIC RAILROAD COMPANY
and existing under the
hereby, for the purpose of
ence for the purpose of
rotation by substituting
place of said Article in
the following:

"ARTICLE 2. Said
existence for the period of
date of the filing of these
office of the Secretary of

Dated the 8th day of M

[SEAL]

Attest:

E. G. SMITH
Secretary of Union
Pacific Railroad

(Sixth Amendment, filed May 9, 1945.)

AMENDMENT TO ARTICLES OF ASSOCIATION
OF
UNION PACIFIC RAILROAD COMPANY

STATE OF UTAH }
County of Salt Lake } ss.

KNOW ALL MEN BY THESE PRESENTS that Union Pacific Railroad Company, a corporation organized and existing under the laws of the State of Utah, does hereby, for the purpose of extending its corporate existence for fifty years to 1997, amend its Articles of Incorporation by substituting as Article 2 thereof, and in place of said Article as originally and heretofore existing, the following:

"ARTICLE 2. Said corporation shall continue in existence for the period of one hundred years from the date of the filing of these articles of association in the office of the Secretary of State of the State of Utah."

Dated the 8th day of May, 1945.

W. M. JEFFERS
President of Union Pacific
Railroad Company

[SEAL]

E. G. SMITH
Secretary of Union Pacific
Railroad Company

Attest:

E. G. SMITH
Secretary of Union Pacific
Railroad Company

RECORDED No. 447, 1945, 1945
County Corporation Certificate
of Incorporation of Union
Filed in the Clerk's office, Salt
Lake City, Utah, May 9, 1945 Alvin Reddington, Clerk
Boner, Deputy Clerk

STATE OF UTAH }
County of Salt Lake } ss.

I, Alvin Reddington, Clerk of
Salt Lake County and Ex-Officio Clerk
of the Third Judicial District in
State of Utah, do hereby certify
that the foregoing is a true and correct copy of
Amendment Articles of Association of Union
Pacific Railroad Company No. 111
in my office.

IN WITNESS WHEREOF, I have
signed and affixed my official seal, this
9th day of May, 1945.

Attest:
By _____
[SEAL] _____
Clerk

Filed and certificate issued

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ENDORSED NUMBER No. 2090 STATE OF UTAH Salt Lake
County Corporation Certificate of Amendment to Articles
of Incorporation of Union Pacific Railroad Company
Filed in the Clerk's office, Salt Lake County, Utah May
9, 1945 Alvin Keddington, County Clerk, by Betty L.
Boner, Deputy Clerk

STATE OF UTAH }
County of Salt Lake } ss

I, Alvin Keddington, Clerk in and for the County of
Salt Lake and Ex-Officio Clerk of the District Court of
the Third Judicial District in and for Salt Lake County,
State of Utah, do hereby certify that the foregoing is a
full, true and correct copy of the original Certificate of
Amendment Articles of Incorporation of the Union
Pacific Railroad Company No. 2090 as appears of record
in my office.

IN WITNESS WHEREOF, I have hereunto set my hand
and affixed my official seal, this 9th day of May A. D.
1945.

ALVIN KEDDINGTON, Clerk

By

[SEAL]

BETTY L. BONER, Deputy Clerk

Filed and certificate issued this 9th day of May, 1945.

E. E. MONSON,
Secretary of State.

STATE OF UTAH,
Office of Secretary of State

I,
STATE OF THE STATE of
that the foregoing are 1
of the original Articles of
Railroad Company, filed
of State of the State of
copies, certified by the Co
Salt Lake, in the State
to said Articles of Assoc
were 2, 3, 4 in the office of
State of Utah on the 9th

First Amendment filed
Second Amendment filed
Third Amendment filed
Fourth Amendment filed
Fifth Amendment filed
Sixth Amendment filed

all as appear on file in in

IN WITNESS WHEREOF I
and affixed the Great Seal
day of

STATE OF UTAH,
Office of Secretary of State,

I, _____, SECRETARY OF
STATE OF THE STATE OF UTAH, do hereby certify
that the foregoing are full, true and correct copies
of the original Articles of Association of Union Pacific
Railroad Company, filed in the office of the Secretary
of State of the State of Utah on July 1, 1897, and of
copies, certified by the County Clerk of the County of
Salt Lake, in the State of Utah, of six Amendments
to said Articles of Association, which certified copies
were filed in the office of the Secretary of State of the
State of Utah on the following dates:

First Amendment filed January 10, 1899.
Second Amendment filed October 9, 1899.
Third Amendment filed March 23, 1901.
Fourth Amendment filed May 9, 1905.
Fifth Amendment filed June 24, 1907.
Sixth Amendment filed May 9, 1945.

all as appear on file in my office.

IN WITNESS WHEREOF I have hereunto set my hand
and affixed the Great Seal of the State of Utah, this
day of _____, 19____.

Secretary of State.

*Amendment to Articles
of Association of Union Pacific Railroad*

STATE OF UTAH, COUNTY OF SALT

Know all men by these presents
that the Union Pacific Railroad Company, a corporation
existing under the laws of the State of Utah, do hereby
certify for the purpose of increasing the authorized
capital stock by the amount of \$2,000,000, and in full
thereof, and in full of the same, the following

ARTICLE 4. The amount of the
said corporation shall be One million four hundred and sixty
thousand dollars (\$1,460,000), which shall be represented by One million six hundred
thousand six hundred and one (1,600,601) shares of One hundred dollars
each of which shares shall be entitled to any meeting of stockholders.

Of such capital stock Seven hundred
thousand (700,000) shares of One hundred dollars
each may be issued as preferred stock
and eighty-four thousand six hundred and one (84,601) shares of One hundred dollars
may be issued as common stock.

Such preferred stock shall be entitled
and priority over the common stock in
relation to dividends in each and every fiscal
year not exceeding four per cent. per
out of net profits, as shall be declared
by the Directors. Such dividends are to be

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Amendment

**Amendment to Articles of Association of
Union Pacific Railroad Company.**

STATE OF UTAH, COUNTY OF SALT LAKE, SS. :

Know all men by these presents, that Union Pacific Railroad Company, a corporation organized and existing under the laws of the State of Utah, does hereby for the purpose of increasing its common capital stock by the amount of \$27,400,100, amend its Articles of Association by substituting as Article 4 thereof, and in the place of said Article as originally and heretofore existing, the following :

" Article 4. The amount of the capital stock of the said corporation shall be One hundred and sixty-three million four hundred and sixty three and one hundred dollars (\$163,463,100), which shall be divided into and represented by One million six hundred and thirty four thousand six hundred and one (1,634,601) shares of the par value of One hundred dollars (\$100) each, and each of which shares shall be entitled to one vote at any meeting of stockholders.

Of such capital stock Seven hundred and fifty thousand (750,000) shares of One hundred dollars (\$100) each may be issued as preferred stock, and Eight hundred and eighty-four thousand six hundred and one (884,601) shares of One hundred dollars (\$100) each may be issued as common stock.

Such preferred stock shall be entitled in preference and priority over the common stock of said corporation to dividends in each and every fiscal year at such rate not exceeding four per cent. per annum, payable out of net profits, as shall be declared by the Board of Directors. Such dividends are to be non-cumulative,

and to, preferre-
their share of the
proper by-laws to
this Article."

Done January

[Signature]
President of

[Signature]
Secretary of

Post:

[Signature]
Secretary of

and the preferred stock is entitled to no other or further share of the profits. The directors may adopt proper by-laws to carry into effect the provisions of this Article."

Dated January 10th, 1899.

Wm. L. Abbott

President of Union Pacific Railroad Company.

Alex. Miller

Secretary of Union Pacific Railroad Company.

Attest:

Alex. Miller

Secretary of Union Pacific Railroad Company.

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2 of 3
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(Reprint of October 1, 1945.)

ARTICLES OF ASSOCIATION

OF

UNION PACIFIC RAILROAD COMPANY

Original, filed July 1, 1897.

First Amendment, filed January 10, 1899.

Second Amendment, filed October 9, 1899.

Third Amendment, filed March 21, 1901.

Fourth Amendment, filed May 9, 1905.

Fifth Amendment, filed June 24, 1907.

Sixth Amendment, filed May 9, 1945.

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*Filed and certified
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*Maximilian
Secretary of State*

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ARTICLES OF ASSOCIATION

OF

UNION PACIFIC RAILROAD COMPANY.

STATE OF UTAH, }
County of Salt Lake, } ss.:

KNOW ALL MEN BY THESE PRESENTS, that we, the undersigned, whose names are hereunto subscribed, do hereby certify and declare that we, have, under and in pursuance of an Act of the legislature of the State of Utah, entitled "An Act to provide for the formation of railroad corporations for the purpose of purchasing, owning, maintaining, operating and extending railroad lines, franchises, properties and appurtenances, authorizing the issue of bonds, making deeds of trust and mortgages, and defining the rights and powers of such corporations," and approved January 22, 1897, associated ourselves together as a corporation for the purpose of buying, owning, maintaining, operating and further extending the railroads, rights, property and franchises hereafter in these articles described, and we further certify and declare that we have adopted, and do hereby adopt, the following

ARTICLES OF ASSOCIATION

ARTICLE 1. The corporate name of the corporation hereby formed shall be "Union Pacific Railroad Company." By that name the persons subscribing

these Articles of from time to time hereby form with power to ad to acquire and h tracts, fix and p sation for the e generally to do h effect the po

ARTICLE 2 existence for the the filing of the the Secretary of

ARTICLE 3. the powers, right or provided for also all of the p approved Janua and pursuant to and enjoy, as fu Act in this beh also all the pow railroad corpor State of Utah, e ritories or of th

ARTICLE 4. said corporation million dollars into and repres sixty thousand one hundred d shares shall be stockholders.

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these Articles of Association and all persons who may from time to time become shareholders in the corporation hereby formed shall have perpetual succession, with power to adopt a common seal, to sue and be sued, to acquire and hold and convey property, to make contracts, fix and prescribe tariffs and rates of compensation for the carriage of persons and property, and generally to do all acts necessary or proper to carry into effect the powers and purposes of said corporation.

ARTICLE 2. Said corporation shall continue in existence for the period of fifty years from the date of the filing of these articles of association in the office of the Secretary of State of the State of Utah.

ARTICLE 3. Said corporation shall possess all of the powers, rights and franchises specified, referred to or provided for in these Articles of Association, and also all of the powers which by said Act above entitled, approved January 22, 1897, corporations formed under and pursuant to the said Act are entitled to have, possess and enjoy, as fully as if all of the provisions of the said Act in this behalf were herein set forth at large, and also all the powers, rights, privileges and franchises of railroad corporations organized under the laws of the State of Utah, or under the laws of other States or Territories or of the United States, as hereinafter provided.

ARTICLE 4. The amount of the capital stock of the said corporation shall be one hundred and thirty-six million dollars (\$136,000,000), which shall be divided into and represented by one million three hundred and sixty thousand (1,360,000) shares of the par value of one hundred dollars (\$100) each, and each of which shares shall be entitled to one vote at any meeting of stockholders.

Of such capital stock, seven hundred and fifty thousand (750,000) shares of one hundred dollars (\$100) each may be issued as preferred stock, and six hundred

and ten thousand
dollars (\$100) each.

Such preferred stock shall have priority over the common stock in the payment of dividends in each year not exceeding four per cent of net profits, as shall be determined by the Directors. Such dividend shall not be paid until the preferred stock has received its full share of the dividends provided for by laws to be enacted in pursuance of this article.

ARTICLE 5. The names of the persons who shall serve as Directors of the corporation are as follows:

Edward Dickinson...
Joseph H. Millard...
John A. Maureo...
Thomas M. Orr...
George Q. Cannon...
Le Grand Young...
Alexander Millar...
James G. Harris...
Otto H. Kahn...
Henry C. Deming...
Alvin W. Kreech...
Felix M. Warburg...
Ernest R. Adee...
George H. Squire...
Lawrence Greer...

ARTICLE 6. The corporation shall have the right to own, hold, enjoy, and dispose of real and personal property, and to lease, hold, and dispose of the same.

and ten thousand (610,000) shares of one hundred dollars (\$100) each may be issued as common stock.

Such preferred stock shall be entitled in preference and priority over the common stock of said corporation to dividends in each and every fiscal year at such rate not exceeding four per cent. per annum, payable out of net profits, as shall be declared by the Board of Directors. Such dividends are to be non-cumulative and the preferred stock is entitled to no other or further share of the profits. The directors may adopt proper by-laws to carry into effect the provisions of this article.

ARTICLE 5. The number of directors to manage and control the affairs of this Corporation shall be fifteen, and the names and residences of those who shall serve as directors for the first year and until their successors are chosen and qualified are:

Edward Dickinson.....	Omaha, Nebraska.
Joseph H. Millard.....	Omaha, Nebraska.
John A. Munroe.....	Omaha, Nebraska.
Thomas M. Orr.....	Omaha, Nebraska.
George Q. Cannon.....	Salt Lake City, Utah.
Le Grand Young.....	Salt Lake City, Utah.
Alexander Millar.....	Boston, Mass.
James G. Harris.....	Boston, Mass.
Otto H. Kahn.....	New York City, N. Y.
Henry C. Deming.....	New York City, N. Y.
Alvin W. Kreech.....	New York City, N. Y.
Felix M. Warburg.....	New York City, N. Y.
Ernest R. Adee.....	New York City, N. Y.
George H. Squire.....	New York City, N. Y.
Lawrence Green.....	New York City, N. Y.

ARTICLE 6. The said corporation is organized and formed for, and shall have the power, to purchase, own, hold, enjoy, maintain, operate and further extend the railroad, property, rights and franchises, or any

all persons who may
holders in the corpora-
perpetual succession,
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part thereof, belonging to The Union Pacific Railway Company, a corporation formed by Articles of Union and Consolidation between The Union Pacific Railroad Company, the Kansas Pacific Railway Company and the Denver Pacific Railway and Telegraph Company, which Articles of Union and Consolidation bear date January 24, 1880, and were filed in the Department of the Interior of the United States at Washington, in the District of Columbia, on or about January 26, 1880.

The said corporation hereby formed shall have the power to acquire, possess and enjoy the lands and land grants, or any part thereof, and all rights with respect thereto of the said The Union Pacific Railway Company or any or either of its constituent companies; And the said corporation hereby formed shall have power to construct or acquire by lease, purchase, consolidation, ownership of capital stock, or otherwise, branches, extensions and connecting or auxiliary lines within or without this State, as the board of directors may from time to time deem expedient and as may be authorized by law.

The termini of the said railroad which the said corporation hereby formed is authorized to acquire, enjoy and operate, as now constructed, and the States and counties through which the said railroad passes are as follows, to wit:

Said railroad extends from a point about five miles west of Ogden, in the County of Weber, in the State of Utah, easterly through said county and said city of Ogden therein, and through the Counties of Davis, Morgan and Summit, in said State of Utah, and the Counties of Uintah, Sweetwater, Carbon, Albany and Laramie, in the State of Wyoming; and through the County of Sedgwick, in the State of Colorado, and through the counties of Kimball, Cheyenne, Deuel, Keith, Lincoln, Dawson, Buffalo, Hall, Merrick, Platte, Colfax, Dodge, Sarpy and Douglas, in the State of Nebraska, to Council Bluffs, in the County of Pottawattamie, in the State of Iowa; and from Cheyenne, in

the County of Laramie, easterly through said Weld and Arapahoe, Denver, in said last-mentioned Denver and Arapahoe, Elbert, Lincoln, of Colorado, and the C. Trego, Ellis, Russell, Douglas, Leavenworth, Kansas, to Kansas City, in the State of Missouri; and the said railroad, with its consolidation, extension, branches and connecting or auxiliary lines.

Together with the railroad or railroads hereby formed by law to be built.

ARTICLE 7.
be vested with the powers, rights and the time of the corporation and the rule thereof, and the enforcement of it, as all the rights and corporations of the State of Utah, included in the act of the State of Utah, and its branches.

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the County of Laramie, in the State of Wyoming, southerly through said county and the Counties of Weld and Arapahoe, in the State of Colorado, to Denver, in said last-mentioned county and state; and from said Denver easterly through the Counties of Arapahoe, Elbert, Lincoln and Cheyenne, in the State of Colorado, and the Counties of Wallace, Logan, Gove, Trego, Ellis, Russell, Ellsworth, Saline, Dickinson, Geary, Riley, Pottawatomie, Shawnee, Jefferson, Douglas, Leavenworth and Wyandotte, in the State of Kansas, to Kansas City, in the County of Jackson, in the State of Missouri; the said railroad above described being the railroad, which by said Articles of Union and Consolidation, dated January 24, 1880, became the railroad and property of said The Union Pacific Railway Company.

Together with such branches and extensions of said railroad or railroads, or any part thereof, as the company hereby formed may from time to time be authorized by law to construct, operate, acquire and maintain.

ARTICLE 7. The corporation hereby formed shall be vested with and entitled to exercise and enjoy all the powers, rights, privileges and franchises which at the time of the acquisition of the said railroads by the corporation hereby formed, or at the time of the sale thereof, under judicial proceedings, or in the enforcement of mortgage or other liens or at private sale, belonged to or were vested in The Union Pacific Railway Company or in the corporation or corporations last owning the said railroads and properties, as well as all the rights, privileges and franchises of railroad corporations organized under the laws of the State of Utah, including the aforesaid recited Act of the legislature of the State of Utah, approved January 22, 1897; and said corporation shall also possess in each State or Territory as respects its railroads or any branches or extensions thereof situate therein, all of

the powers, rights, privileges and franchises of corporations organized under the laws of the Territory or of the United States.

ARTICLE 8. The corporation hereby formed may construct or acquire ownership of capital stock, bonds, debentures, extensions and continuations of the same, from time to time in whole or in part, or preferred, or both, for such sum of money as may be determined by the directors, and for such places and draw as may be deemed proper, and for such lands, or at such rate to be purchased, as may be determined by the directors, and the directors may do all such things as may be deemed proper, or auxiliary, to the exercise of the corporate powers, it is the duty of the directors to see that the same be not inconsistent with the Constitution and laws of the United States, and the company hereby formed may merge itself into any other corporation or corporations in this or other State or Territory, if such may be authorized by law. It may also enter into any Association, increasing its capital stock, agreeably with law, and the corporation hereby formed may do all such things as may be deemed proper, or auxiliary, to the exercise of the corporate powers, it is the duty of the directors to see that the same be not inconsistent with the Constitution and laws of the United States, and the company hereby formed may merge itself into any other corporation or corporations in this or other State or Territory, if such may be authorized by law.

ARTICLE 9. The corporation hereby formed may from time to time, in whole or in part, or preferred, or both, for such sum of money as may be determined by the directors, and for such places and draw as may be deemed proper, and for such lands, or at such rate to be purchased, as may be determined by the directors, and the directors may do all such things as may be deemed proper, or auxiliary, to the exercise of the corporate powers, it is the duty of the directors to see that the same be not inconsistent with the Constitution and laws of the United States, and the company hereby formed may merge itself into any other corporation or corporations in this or other State or Territory, if such may be authorized by law.

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the powers, rights, privileges and franchises of railroad corporations organized under the laws of such State or Territory or of the United States.

ARTICLE 8. The corporation hereby formed may construct or acquire by lease, purchase, consolidation, ownership of capital stock, or otherwise, branches, extensions and connecting lines within or without this State, and for such purposes, or any of them, may from time to time create and issue its stock, common or preferred, or both, and execute bonds and mortgages for such sum or sums, and payable at such times and places and drawing such rate of interest as the directors may deem proper, and may use such stock and bonds, or any part thereof, in payment of property to be purchased by such corporation or the improvement or extension thereof upon such terms as the directors may deem expedient, may guarantee the bonds or obligations of extension, branch, connecting or auxiliary lines of railroad, and in exercising its corporate powers, it may make such leases, purchases, contracts, conveyances, consolidations and do such acts as the directors may deem necessary or expedient not inconsistent with these Articles or with the Constitution and laws of the State of Utah. The company hereby formed may also consolidate with or merge itself into any other railway company or companies in this or other States or Territories pursuant to law. It may also from time to time amend these Articles of Association by filing amended Articles of Association, increasing the capital stock, or otherwise, agreeably with law, enlarging or changing the powers of the corporation hereby formed.

ARTICLE 9. The Board of Directors of said corporation may from time to time adopt and change by-laws not inconsistent with the provisions of these Articles or the Constitution and laws of the State of Utah. Said by-laws shall provide for annual elections of

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ARTICLE 10
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OTTO H. KAHN
H C DEMING
ALVIN W KRECH
FELIX M WARBURG
E R ADEE
GEO. H. SQUIRE
LAWRENCE GREER
ALEXANDER MILLAR,
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STATE OF NEW YORK, } ss.
City and County of New York, }

On this twenty-third day of June, 1897, before me, the undersigned notary public, personally appeared Edward Dickinson, Otto H. Kahn, Henry C. Deming, Alvin W. Kreeh, Felix M. Warburg, Ernest R. Ades, George H. Squire and Lawrence Greer to me known and known to me to be the identical persons named and described in and who subscribed the foregoing instrument, and they acknowledged to me that they signed the foregoing Articles of Association for the uses and purposes therein mentioned.

In witness whereof, I have hereunto set my hand and affixed my official seal the day and year last above written.

[SEAL]

GEO. V. TURNER
Notary Public
N. Y. Co., No. 44

COMMONWEALTH OF MASSACHUSETTS, } ss.
County of Suffolk, }

On this 24th day of June, 1897, before me, the undersigned, a notary public, personally appeared Alexander Millar and James G. Harris, to me known and known to me to be the identical persons named and described in and who subscribed the foregoing instrument, and they acknowledged to me that they signed the foregoing articles of association for the uses and purposes therein mentioned.

In witness whereof I have hereunto set my hand and affixed my official seal the day and year last above written.

[SEAL]

JOHN H. APPLETON
Notary Public

Filed and certificate issued July 1, 1897.

J. T. HAMMOND,
Secretary of State.

(First Amendment)
AMENDMENT

UNION PAC
STATE OF UTAH,
County of Salt Lake

Know all men by these presents, that the Union Pacific Railroad Company, being under the laws of the State of Utah for the purpose of increasing the capital of said Association by subscription, do hereby certify that the following

ARTICLE 4. The said corporation shall have a capital of four million four hundred and eighty-four thousand six hundred and eighty-four dollars (\$4,484,684), represented by One million four hundred and eighty-four thousand six hundred and eighty-four shares, each of which shares shall have a par value of One hundred and eighty-four dollars (\$184). Of such capital stock Seventy-five thousand (75,000) shares of One hundred and eighty-four dollars each may be issued as preferred stock, and the remaining One million four hundred and eighty-four thousand six hundred and eighty-four (1,409,684) shares of One hundred and eighty-four dollars each may be issued as common stock.

Such preferred stock shall have priority over the common stock in the payment of dividends in each and every year, not exceeding four per cent. of the net profits, as shall be determined by the Board of Directors. Such dividends on the preferred stock shall be paid in advance of the dividends on the common stock, and the preferred stock shall have no further share of the profits.

(First Amendment, filed January 10, 1899.)

AMENDMENT TO ARTICLES OF ASSOCIATION
OF
UNION PACIFIC RAILROAD COMPANY.

STATE OF UTAH, } ss.:
County of Salt Lake, }

Know all men by these presents, that Union Pacific Railroad Company, a corporation organized and existing under the laws of the State of Utah, does hereby, for the purpose of increasing its common capital stock by the amount of \$27,460,100, amend its Articles of Association by substituting as Article 4 thereof, and in the place of said Article as originally and heretofore existing, the following:

"ARTICLE 4. The amount of the capital stock of the said corporation shall be One hundred and sixty-three million four hundred and sixty thousand one hundred dollars (\$163,460,100), which shall be divided into and represented by One million six hundred and thirty-four thousand six hundred and one (1,634,601) shares of the par value of One hundred dollars (\$100) each, and each of which shares shall be entitled to one vote at any meeting of stockholders.

Of such capital stock Seven hundred and fifty thousand (750,000) shares of One hundred dollars (\$100) each may be issued as preferred stock, and Eight hundred and eighty-four thousand six hundred and one (884,601) shares of One hundred dollars (\$100) each may be issued as common stock.

Such preferred stock shall be entitled in preference and priority over the common stock of said corporation, to dividends in each and every fiscal year at such rate not exceeding four per cent. per annum, payable out of net profits, as shall be declared by the Board of Directors. Such dividends are to be non-cumulative, and the preferred stock is entitled to no other or further share of the profits. The directors may adopt

proper by-laws to carry into effect the foregoing Articles.

Dated January 10th, 1899,

H
Preside

[SEAL]

Secretary

Attest:

JOSEPH MILLAR,
Secretary of Union P
Railroad Company.

Executed: Filed in Tax
County, Utah, Jan. 10, 1899.

David C. D
By 1

STATE OF UTAH, }
County of Salt Lake, }

I, DAVID C. DEXMAN, County
County of Salt Lake, in the S
certify that the foregoing is
copy of the original amendm
Association of Union Pacific
appears of record in my office.

IN WITNESS WHEREOF, I have
and affixed my official seal, this
A. D. 1899

DAVID C. D

[SEAL]

By
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Filed and certificate issued J

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proper by-laws to carry into effect the provisions of
this Article."

Dated January 10th, 1899.

HORACE G. BURT,
President of Union Pacific
Railroad Company.

[SEAL]

ALEX. MILLAR,
Secretary of Union Pacific
Railroad Company.

Attest:

ALEX. MILLAR,
Secretary of Union Pacific
Railroad Company.

ENDORSED: Filed in The Clerk's Office, Salt Lake
County, Utah, Jan. 10, 1899.

DAVID C. DENBAR, County Clerk,
By E. G. REEDALL, Deputy.

STATE OF UTAH, } ss.
County of Salt Lake, }

I, DAVID C. DENBAR, County Clerk in and for the
County of Salt Lake, in the State of Utah, do hereby
certify that the foregoing is a full, true and correct
copy of the original amendments to the Articles of
Association of Union Pacific Railroad Company, as
appears of record in my office.

IN WITNESS WHEREOF, I have hereunto set my hand
and affixed my official seal, this tenth day of January,
A. D. 1899

DAVID C. DENBAR, County Clerk.

By

[SEAL]

E. G. REEDALL, Deputy Clerk.

Filed and certificate issued Jan. 10, 1899.

J. T. HAMMOND,
Secretary of State.

11

(Second Amendment)

AMENDMENT TO ARTICLES

OF

UNION PACIFIC RAIL

STATE OF UTAH, } ss.
County of Salt Lake, }

Know all men by these pre
Railroad Company, a corpora
ing under the laws of the Sta
for the purpose of increasing
by the amount of \$25,000,000
stock by the amount of \$7,71
of Association by substituting
in the place of said Article
exists at the following:

"ARTICLE 7. The amount
said corporation shall be 63
million one hundred and 85
hundred dollars (\$196,178.50
into and represented by 63
and sixty-one thousand seven
(1,961,787) shares of the 1
dollars (\$100) each, and en
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Of such capital stock, One
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Directors. Such dividend
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(Second Amendment, filed October 9, 1899.)

AMENDMENT TO ARTICLES OF ASSOCIATION
OF
UNION PACIFIC RAILROAD COMPANY.

STATE OF UTAH, }
County of Salt Lake, } ss: 1

Know all men by these presents, that Union Pacific Railroad Company, a corporation organized and existing under the laws of the State of Utah, does hereby, for the purpose of increasing its preferred capital stock by the amount of \$25,000,000, and its common capital stock by the amount of \$7,718,600, amend its Articles of Association by substituting as Article 4 thereof, and in the place of said Article as amended and heretofore existing, the following:

"ARTICLE 4. The amount of the capital stock of the said corporation shall be One hundred and ninety-six million one hundred and seventy-eight thousand seven hundred dollars (\$196,178,700), which shall be divided into and represented by One million nine hundred and sixty-one thousand seven hundred and eighty-seven (1,961,787) shares of the par value of One hundred dollars (\$100) each, and each of which shares shall be entitled to one vote at any meeting of stockholders.

Of such capital stock, One million (1,000,000) shares of One hundred dollars (\$100) each may be issued as preferred stock, and nine hundred and sixty-one thousand seven hundred and eighty-seven (961,787) shares of One hundred dollars (\$100) each may be issued as common stock.

Such preferred stock shall be entitled in preference and priority over the common stock of said corporation to dividends in each and every fiscal year at such rate not exceeding four per cent. per annum, payable out of net profits, as shall be declared by the Board of Directors. Such dividends are to be non-cumulative, and the preferred stock is entitled to no other or

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further share of the profits, proper by-laws to carry out this Article."

Dated October 9th, 1899.

Presi

[S. C.]

Secy

Attest:

ALEX. MILLAR,
Secretary of Union
Railroad Company

ENDORSED: No. 2090.
Union Pacific Railroad Company,
Salt Lake County, Utah, O
Salt Lake County Clerk, By Attn

STATE OF UTAH, }
County of Salt Lake, } ss.

I, DAVID C. DENSMORE, Co
County of Salt Lake, in th
certify that the foregoing
copy of the original amend
ment of the Union Pacific
filed October 9, 1899, as
office.

IN WITNESS WHEREOF, I
and affixed my official seal
A. D. 1899.

Do

By

[S. C.]

Filed and certified to be so

further share of the profits. The directors may adopt proper by-laws to carry into effect the provisions of this Article."

Dated October 9th, 1899.

HONORABLE G. BURR,
President of Union Pacific
Railroad Company.

[SEAL]

ALEX. MILLAR,
Secretary of Union Pacific
Railroad Company.

Attest:

ALEX. MILLAR,
Secretary of Union Pacific
Railroad Company.

ENDORSED: No. 2090. Amendment to Union Pacific Railroad Company. Filed in the Clerk's Office Salt Lake County, Utah, Oct. 9, 1899. DAVID C. DENBAR, County Clerk, By ALBERT J. SEARE, Deputy.

STATE OF UTAH, 1899.
County of Salt Lake, 1899.

I, DAVID C. DENBAR, County Clerk in and for the County of Salt Lake, in the State of Utah, do hereby certify that the foregoing is a full, true and correct copy of the original amendment to the articles of association of the Union Pacific Railroad Company, as filed October 9, 1899, as appears of record in my office.

In witness whereof, I have hereunto set my hand and affixed my official seal, this 9th day of October, A. D. 1899.

DAVID C. DENBAR, County Clerk.

By

ALBERT J. SEARE, Deputy Clerk.

[SEAL]

Filed and certified to Oct. 9, 1899.

J. T. HAMMOND,
Secretary of State.

(Third Amend-
AMENDMENT TO

UNION PACIFIC

STATE OF UTAH,
County of Salt Lake, 1899

"Know all men by the Railroad Company, a corporation under the laws of the State of Utah, for the purpose of the stock by the amount of the said stock, and amend its said articles of association as follows:

"ARTICLE 4. The amount said corporation shall be to million one hundred and seventy hundred dollars (\$2,961,787) into and represented by two hundred and seventy thousand (296,178) shares of the paid up stock, each and each entitled to one vote at any meeting of such capital stock. One million of one hundred dollars (\$100) of preferred stock, and one million six hundred thousand seven hundred (1,600,000) shares of one hundred dollars each, may be issued as common stock.

"Such preferred stock shall be and priority over the common stock to dividends in each and every year, not exceeding four per cent. out of net profits, as shall be declared by the Directors. Such dividends are to be paid to the holders of the preferred stock and the preferred stock is entitled to

(Third Amendment, filed March 23, 1901.)

**AMENDMENT TO ARTICLES OF ASSOCIATION
OF
UNION PACIFIC RAILROAD COMPANY.**

STATE OF UTAH, }
County of Salt Lake, } ss.:

"Know all men by these presents, that Union Pacific Railroad Company, a corporation organized and existing under the laws of the State of Utah, does hereby, for the purpose of increasing its common capital stock by the amount of one hundred million dollars (\$100,000,000), amend its Articles of Association by substituting as Article 4 thereof, and in the place of said article as originally and heretofore existing, the following:

"ARTICLE 4. The amount of the capital stock of the said corporation shall be two hundred and ninety-six million one hundred and seventy-eight thousand seven hundred dollars (\$296,178,700), which shall be divided into and represented by two million nine hundred and sixty-one thousand seven hundred and eighty-seven (2,961,787) shares of the par value of one hundred dollars (\$100) each, and each of which shares shall be entitled to one vote at any meeting of stockholders. Of such capital stock, One million (1,000,000) shares of one hundred dollars (\$100) each may be issued as preferred stock, and one million nine hundred and sixty-one thousand seven hundred and eighty-seven (1,961,787) shares of one hundred dollars (\$100) each may be issued as common stock.

"Such preferred stock shall be entitled in preference and priority over the common stock of said corporation to dividends in each and every fiscal year at such rate, not exceeding four per cent. per annum, payable out of net profits, as shall be declared by the Board of Directors. Such dividends are to be non-cumulative, and the preferred stock is entitled to no other or further

share of the profits. The direct by-laws to carry into effect Article 4.

Dated March 23rd, 1901.

Hon
President

{SEAL}

At
Secretary

Attest:

ALEX. MULLER,

Secretary of Union Pacific Railroad Company.

STATE OF UTAH, }
County of Salt Lake, } ss.:

I, JOHN JAMES, County Clerk of Salt Lake, State of Utah, do foregoing is a full, true and correct copy of the Amendment to Articles of Association of Union Pacific Railroad Company, as appears of record.

In witness whereof, I have and affixed my official seal this 23rd day of March, 1901.

{SEAL}
(Revenue Stamp)

John

STATE OF UTAH, }
County of Salt Lake, } ss.:

I, JOHN JAMES, County Clerk of Salt Lake, State of Utah, do hereby certify that the foregoing is a full, true and correct copy of the Amendment to Articles of Association of Union Pacific Railroad Company, as appears of record.

In witness whereof, I have and affixed my official seal this 23rd day of March, 1901.

{SEAL}

(Revenue Stamp)

Filed and certificate issued

share of the profits. The directors may adopt proper by-laws to carry into effect the provisions of this Article."

Dated March 23rd, 1901.

[SEAL.] HORACE G. BURT,
President of Union Pacific
Railroad Company.
ALEX. MILLAR,
Secretary of Union Pacific
Railroad Company.

Afford:
ALEX. MILLAR,
Secretary of Union Pacific
Railroad Company.

STATE OF UTAH, }
County of Salt Lake, } ss.

I, JOHN JAMES, County Clerk in and for the County of Salt Lake, State of Utah, do hereby certify that the foregoing is a full, true and correct copy of Amendment to Articles of Association of Union Pacific Railroad Company, as appears of record in my office.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal this 23rd day of March, 1901.

[SEAL.] JOHN JAMES County Clerk,
(Revenue Stamp.)

STATE OF UTAH, }
County of Salt Lake, } ss.

I, JOHN JAMES, County Clerk in and for the County of Salt Lake, State of Utah, do hereby certify that the Union Pacific Railroad Company has duly filed in my office Amendment to Articles of Association as required by Chapter 1 of Title 11, Revised Statutes of Utah; and Chapter XXVI of the Laws of Utah, 1901.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal this 23rd day of March, 1901.

[SEAL.] JOHN JAMES County Clerk,
(Revenue Stamp.)

Filed and certificate issued Mar. 23, 1901.

J. T. HAMMOND,
Secretary of State.

(Fourth Amendment)

AME. EMERIT
INCORP.

UNION PACIFIC R

STATE OF UTAH, }
County of Salt Lake, } ss.

"Know all men by these said laws of the for the purpose of One by the amount of One (2100,000,000) amend its A substituting as Article 4 in said Article as amended as following:—

'Article 4. The amount of said corporation shall be Three million one hundred and seventy hundred dollars (\$3,061,787.70) into and represented by 21 and sixty-one thousand seven (3,061,787) shares of the par value of one hundred dollars (\$100) each, and each entitled to one vote at any Of such capital stock Two of the par value of one hundred be issued as preferred stock, dred and sixty-one thousand seven (3,061,787) shares of the dollars (\$100) each may be Such preferred stock shall 1 and priority over the cumulation to dividends in each and rate not exceeding four per payable out of the net profits, the Board of Directors. Su

(Fourth Amendment, filed May 9, 1905.)

AMENDMENT TO ARTICLES OF
INCORPORATION

OF

UNION PACIFIC RAILROAD COMPANY.

STATE OF UTAH, }
County of Salt Lake, } ss.:

"Know all men by these presents, that Union Pacific Railroad Company, a corporation organized and existing under the laws of the State of Utah, does hereby for the purpose of increasing its preferred stock by the amount of One hundred million dollars (\$100,000,000.) amend its Articles of Incorporation by substituting as Article 4 thereof and in the place of said Article as amended and heretofore existing the following:—

"Article 4. The amount of the capital stock of the said corporation shall be Three hundred and ninety-six million one hundred and seventy-eight thousand seven hundred dollars (\$396,178,700.) which shall be divided into and represented by Three million nine hundred and sixty-one thousand seven hundred and eighty-seven (3,961,787) shares of the par value of One hundred dollars (\$100) each, and each of which shares shall be entitled to one vote at any meeting of stockholders. Of such capital stock Two million (2,000,000) shares of the par value of one hundred dollars (\$100) each may be issued as preferred stock, and one million nine hundred and sixty-one thousand seven hundred and eighty-seven (1,961,787) shares of the par value of one hundred dollars (\$100) each may be issued as common stock. Such preferred stock shall be entitled in preference and priority over the common stock of said corporation to dividends in each and every fiscal year at such rate not exceeding four per cent (4%) per annum, payable out of the net profits, as shall be declared by the Board of Directors. Such dividends are to be

non-cumulative and the no other or further share may adopt proper by-laws in violation of this Article."

Dated the Fifth day of May, 1905.

Attest

ALEX MILLAR
Secretary of U.P.
(CORPORATE SEAL)

No. 2000 "Amendment to Articles of Incorporation of Union Pacific Railroad Company" Filed in County, Utah, May 9, 1905.

J. U.

STATE OF UTAH, }
County of Salt Lake, }

I, J. U. ELLIOTT, JR.,
County of Salt Lake, do hereby certify that the foregoing is a true and correct copy of the original and amended Articles of Incorporation of the Union Pacific Railroad Company as appears of record in the County of Salt Lake, Utah.

In Witness Whereof,
I have hereunto set my hand and official seal this 9th day of May, 1905.

[SEAL]

J. U.

Filed and certificate issued.

non-cumulative and the preferred stock is entitled to no other or further share of the profits. The Directors may adopt proper by-laws to carry into effect the provisions of this Article.

Dated the Fifth day of May, Nineteen hundred and five.

E. H. HARRIMAN
President of Union Pacific
Railroad Company.

ALEX. MILLAR
Attest: Secretary of Union Pacific
ALEX. MILLAR Railroad Company.
(CORPORATE SEAL) Secretary of Union Pacific
Railroad Company.

No. 2090 "Amendment to the Union Pacific Railroad Company" Filed in the Clerk's Office, Salt Lake County, Utah, May 9, 1905.

J. U. ELDREDGE, JR., County Clerk.

STATE OF UTAH, }
County of Salt Lake, } ss.

I, J. U. ELDREDGE, JR., County Clerk in and for the County of Salt Lake, in the State of Utah, do hereby certify that the foregoing is a full, true and correct copy of the original AMENDMENT to the Articles of Incorporation of the "UNION PACIFIC RAILROAD COMPANY," as appears of record in my office.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal, this 9th day of May A. D. 1905

[SEAL] J. U. ELDREDGE JR., County Clerk.

Filed and certificate issued this 9th day of May, 1905.

C. S. TINGEY,
Secretary of State.

(Fifth Amendment, Filed June 17, 1905)
AMENDMENT TO ARTICLES OF
OF
UNION PACIFIC RAILROAD

STATE OF UTAH, }
County of Salt Lake, } ss.

KNOW ALL MEN BY THESE PRESENTS, Railroad Company, a corporation existing under the laws of the State of Utah, for the purpose of increasing its capital stock by the amount of one million (\$1,000,000.00), and of its Articles of Incorporation substituting as Article 4 thereof the said Article as amended and hereinafter following:

"ARTICLE 4. The amount of the said corporation shall be four hundred million one hundred and seventy-eight thousand dollars (\$496,178,700.), which shall be divided into and represented by four million six hundred and sixty-one thousand seven hundred and sixty-one (4,661,761) shares of the par value of one hundred dollars (\$100) each, and each of which shall be entitled to one vote at any meeting.

Of such capital stock, two million of the par value of one hundred dollars each shall be issued as preferred stock, and the remaining one million six hundred and sixty-one thousand seven hundred and sixty-one (1,661,761) shares of the par value of one hundred dollars (\$100) each may be issued.

Such preferred stock shall be entitled to priority over the common stock in the payment of dividends in cash and in kind, not exceeding four per cent payable out of the net profits, as determined by the Board of Directors. Such stock shall be non-cumulative, and the preferred

(Fifth Amendment, filed June 24, 1907.)

AMENDMENT TO ARTICLES OF ASSOCIATION

OF

UNION PACIFIC RAILROAD COMPANY.

STATE OF UTAH, } ss.:
County of Salt Lake, }

KNOW ALL MEN BY THESE PRESENTS, that Union Pacific Railroad Company, a corporation organized and existing under the laws of the State of Utah, does hereby, for the purpose of increasing its common capital stock by the amount of one hundred million dollars (\$100,000,000), amend its Articles of Incorporation by substituting as Article 4 thereof, and in the place of said Article as amended and heretofore existing, the following:

"ARTICLE 4. The amount of the capital stock of the said corporation shall be four hundred and ninety-six million one hundred and seventy-eight thousand seven hundred dollars (\$496,178,700.), which shall be divided into and represented by four million nine hundred and sixty-one thousand seven hundred and eighty-seven (4,961,787) shares of the par value of one hundred dollars (\$100) each, and each of which shares shall be entitled to one vote at any meeting of stockholders.

Of such capital stock, two million (2,000,000) shares of the par value of one hundred dollars (\$100) each may be issued as preferred stock, and two million nine hundred and sixty-one thousand seven hundred and eighty-seven (2,961,787) shares of the par value of one hundred dollars (\$100) each may be issued as common stock.

Such preferred stock shall be entitled, in preference and priority over the common stock of said corporation, to dividends in each and every fiscal year, at such rate, not exceeding four per cent (4%) per annum, payable out of the net profits, as shall be declared by the Board of Directors. Such dividends are to be non-cumulative, and the preferred stock is entitled to

no other or further share or may adopt proper by-laws to visions of this article."

Dated the fifteenth day of and seven.

Pre

[SEAL]

Attest:

W. M. MILAN,
Secretary of Union
Railroad

STATE OF UTAH, } ss.
County of Salt Lake, }

I, J. U. ELAMORE, Jr., Co
County of Salt Lake, in the
certify that the foregoing i
copy of the original Amer
Incorporation of the Union
as made on the 15th day of
record in my office.

IN WITNESS WHEREOF, I h
and affixed my official seal
A. D. 1907.

[SEAL]

Filed and certificate issued

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no other or further share of the profits. The directors may adopt proper by-laws to carry into effect the provisions of this article."

Dated the fifteenth day of June, nineteen hundred and seven.

E. H. HARRIMAN,
President of Union Pacific
Railroad Company.

[SEAL]

ALEX MILLAR,
Secretary of Union Pacific
Railroad Company.

Attest:

ALEX MILLAR,
Secretary of Union Pacific
Railroad Company.

STATE OF UTAH, }
County of Salt Lake, } ss.-

I, J. U. ELDRIDGE, Jr., County Clerk in and for the County of Salt Lake, in the State of Utah, do hereby certify that the foregoing is a full, true and correct copy of the original Amendment to the Articles of Incorporation of the UNION PACIFIC RAILROAD COMPANY as made on the 15th day of June, 1907, as appears of record in my office.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal, this 24th day of June A. D. 1907.

J. U. ELDRIDGE, JR.,
County Clerk.

[SEAL]

Filed and certificate issued this 24th day of June, 1907.

C. S. TINGEY,
Secretary of State.

(Sixth Amend-
AMENDMENT TO A
UNION PACIFIC

STATE OF UTAH }
County of Salt Lake } ss.

ALL MEN BY
PACIFIC RAILROAD COMPANY
and existing under the
hereby, for the purpose of
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place of said Article in
the following:

"ARTICLE 2. Said
existence for the period of
date of the filing of these
office of the Secretary of

Dated the 8th day of M

[SEAL]

Attest:

E. G. SMITH
Secretary of Union
Pacific Railroad

(Sixth Amendment, filed May 9, 1945.)

AMENDMENT TO ARTICLES OF ASSOCIATION
OF
UNION PACIFIC RAILROAD COMPANY

STATE OF UTAH }
County of Salt Lake } ss.

KNOW ALL MEN BY THESE PRESENTS that Union Pacific Railroad Company, a corporation organized and existing under the laws of the State of Utah, does hereby, for the purpose of extending its corporate existence for fifty years to 1997, amend its Articles of Incorporation by substituting as Article 2 thereof, and in place of said Article as originally and heretofore existing, the following:

"ARTICLE 2. Said corporation shall continue in existence for the period of one hundred years from the date of the filing of these articles of association in the office of the Secretary of State of the State of Utah."

Dated the 8th day of May, 1945.

W. M. JEFFERS
President of Union Pacific
Railroad Company

[SEAL]

E. G. SMITH
Secretary of Union Pacific
Railroad Company

Attest:

E. G. SMITH
Secretary of Union Pacific
Railroad Company

Know-All No. 4471, 1945, 1945
County Corporation Certificate
of Incorporation of Union
Filed in the Clerk's office, Salt
9, 1945 Alvin Reddington, C
Boner, Deputy Clerk

STATE OF UTAH }
County of Salt Lake } ss.

I, Alvin Reddington, Clerk
Salt Lake, and Ex-Officio Clerk
of the Third Judicial District in
State of Utah, do hereby certify
full, true and correct copy of
Amendment Articles of Union
Pacific Railroad Company No.
in my office.

IN WITNESS WHEREOF, I have
and affixed my official seal, this
1945.

Alvin
By
[SEAL] Ber

Filed and certificate issued

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ENDORSED NUMBER No. 2090 STATE OF UTAH Salt Lake
County Corporation Certificate of Amendment to Articles
of Incorporation of Union Pacific Railroad Company
Filed in the Clerk's office, Salt Lake County, Utah May
9, 1945 Alvin Keddington, County Clerk, by Betty L.
Boner, Deputy Clerk

STATE OF UTAH }
County of Salt Lake } ss

I, Alvin Keddington, Clerk in and for the County of
Salt Lake and Ex-Officio Clerk of the District Court of
the Third Judicial District in and for Salt Lake County,
State of Utah, do hereby certify that the foregoing is a
full, true and correct copy of the original Certificate of
Amendment Articles of Incorporation of the Union
Pacific Railroad Company No. 2090 as appears of record
in my office.

IN WITNESS WHEREOF, I have hereunto set my hand
and affixed my official seal, this 9th day of May A. D.
1945.

ALVIN KEDDINGTON, Clerk

By

[SEAL]

BETTY L. BONER, Deputy Clerk

Filed and certificate issued this 9th day of May, 1945.

E. E. MONSON,
Secretary of State.

STATE OF UTAH,
Office of Secretary of State

I,
STATE OF THE STATE of
that the foregoing are 1
of the original Articles of
Railroad Company, filed
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Salt Lake, in the State
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State of Utah on the 9th

First Amendment filed
Second Amendment filed
Third Amendment filed
Fourth Amendment filed
Fifth Amendment filed
Sixth Amendment filed

all as appear on file in

IN WITNESS WHEREOF I
and affixed the Great Seal
day of

STATE OF UTAH,
Office of Secretary of State,

I, _____, SECRETARY OF
STATE OF THE STATE OF UTAH, do hereby certify
that the foregoing are full, true and correct copies
of the original Articles of Association of Union Pacific
Railroad Company, filed in the office of the Secretary
of State of the State of Utah on July 1, 1897, and of
copies, certified by the County Clerk of the County of
Salt Lake, in the State of Utah, of six Amendments
to said Articles of Association, which certified copies
were filed in the office of the Secretary of State of the
State of Utah on the following dates:

First Amendment filed January 10, 1899.
Second Amendment filed October 9, 1899.
Third Amendment filed March 23, 1901.
Fourth Amendment filed May 9, 1905.
Fifth Amendment filed June 24, 1907.
Sixth Amendment filed May 9, 1945.

all as appear on file in my office.

IN WITNESS WHEREOF I have hereunto set my hand
and affixed the Great Seal of the State of Utah, this
day of _____, 19____.

Secretary of State.

*Amendment to Articles
of Association of Union Pacific Railroad*

STATE OF UTAH, COUNTY OF SALT

Know all men by these presents
that the Union Pacific Railroad Company, a corporation
existing under the laws of the State of Utah, do hereby
certify for the purpose of increasing the authorized
capital stock by the amount of \$2,000,000, and in full
thereof, and in full of the amount of the following
amendment to the Articles of Association of the

said corporation shall be One million four hundred and sixty
thousand (\$1,460,000) dollars, which shall be represented by One million six hundred
thousand six hundred and one (1,600,601) shares of One hundred dollars
each of which shares shall be entitled to any meeting of stockholders.

Of such capital stock Seven hundred
thousand (700,000) shares of One hundred
dollars each may be issued as preferred stock
and eighty-four thousand six hundred and
one (84,601) shares of One hundred dollars
each may be issued as common stock.

Such preferred stock shall be entitled
to dividends in each and every fiscal year
not exceeding four per cent. per annum
out of net profits, as shall be declared by the
Directors. Such dividends are to be

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State.

Amendment

**Amendment to Articles of Association of
Union Pacific Railroad Company.**

STATE OF UTAH, COUNTY OF SALT LAKE, ss. :

Know all men by these presents, that Union Pacific Railroad Company, a corporation organized and existing under the laws of the State of Utah, does hereby: for the purpose of increasing its common capital stock by the amount of \$27,400,100, amend its Articles of Association by substituting as Article 4 thereof, and in the place of said Article as originally and heretofore existing, the following :

" Article 4. The amount of the capital stock of the said corporation shall be One hundred and sixty-three million four hundred and sixty three and one hundred dollars (\$163,463,100), which shall be divided into and represented by One million six hundred and thirty four thousand six hundred and one (1,634,601) shares of the par value of One hundred dollars (\$100) each, and each of which shares shall be entitled to one vote at any meeting of stockholders.

Of such capital stock Seven hundred and fifty thousand (750,000) shares of One hundred dollars (\$100) each may be issued as preferred stock, and Eight hundred and eighty-four thousand six hundred and one (884,601) shares of One hundred dollars (\$100) each may be issued as common stock.

Such preferred stock shall be entitled in preference and priority over the common stock of said corporation to dividends in each and every fiscal year at such rate not exceeding four per cent. per annum, payable out of net profits, as shall be declared by the Board of Directors. Such dividends are to be non-cumulative,

and to, preferre-
their share of the
proper by-laws to
this Article."

Done January

[Signature]
President of

[Signature]
Secretary of

Post:

[Signature]
Secretary of

and the preferred stock is entitled to no other or further share of the profits. The directors may adopt proper by-laws to carry into effect the provisions of this Article."

Dated January 10th, 1899.

Wm. L. Abbott

President of Union Pacific Railroad Company.

Alex. Miller

Secretary of Union Pacific Railroad Company.

Attest:

Alex. Miller

Secretary of Union Pacific Railroad Company.

WILLIAM D. CORNISH, Special Master
and others

UNION PACIFIC RAILROAD COMPANY

Deed

Under Deed of Conveyance of the Union
Pacific Railroad Company

Dated January 21, 1891

Indenture, made the 22nd day of January, A. D.
1898, between

WILLIAM D. CORNISH, of St. Paul, Minnesota, as Special Master appointed by the decrees entered in the causes hereinafter mentioned by the Circuit Courts of the United States for the District of Nebraska, the Southern District of Iowa, the District of Wyoming, the District of Colorado and the District of Utah—party of the first part;

SILAS H. H. CLARK, OLIVER W. MINK, E. ELLERY ANDERSON, FREDERIC R. COUDERT and JOHN W. DOANE, Receivers of the property of The Union Pacific Railway Company, appointed by the said Circuit Courts of the United States in the causes hereinafter mentioned—parties of the second part;

F. GORDON DEXTER and OLIVER AMES, as Trustees under the mortgage or deed of trust hereinafter mentioned executed by The Union Pacific Railroad Company and bearing date the first day of November, 1865,—parties of the third part;

THE UNION PACIFIC RAILWAY COMPANY, a corporation formed by the consolidation of said The Union Pacific Railroad Company, with the Kansas Pacific Railway Company and the Denver Pacific Railway and Telegraph Company,—party of the fourth part;

LOUIS FITZGERALD and ALVIN W. KRECH, Purchasing Trustees, both of the City of New York,—parties of the fifth part; and

UNION PACIFIC RAILROAD COMPANY, being a new corporation or body politic and corporate organized and existing under and pursuant to the laws of the State of Utah,—party of the sixth part;

WHEREAS, The Union Pacific Railroad Company, a corporation created under and by virtue of the Act of Congress approved July 1, 1862, and the Act of Congress approved July 2, 1864, on or about the 1st day of November, 1865, executed a mortgage or deed of trust therein called its "First Mortgage") bearing date the first day of November, 1865, whereby it conveyed to Edwin D. Morgan and Oakes Ames, as trustees, and to their successors, all and singular the railroad, telegraph, property and franchises in said mortgage described (the same being embraced in the railroad, property and franchises hereinafter described and conveyed), and on or about the 12th day of March, 1868, executed a supplemental indenture to said trustees, which First Mortgage and supplemental indenture were executed to said trustees to secure certain bonds of said The Union Pacific Railroad Company (herein called its "First Mortgage Bonds"), of which there were issued and outstanding on the 29th day of July, 1897, bonds to the aggregate amount of \$27,229,000 principal; and

WHEREAS, F. Gordon Dexter and Oliver Ames, the parties of the third part to this indenture, were duly appointed substituted trustees under the said First Mortgage, and at the time of filing their bill of complaint hereinafter mentioned, were, and now are, the sole substituted trustees under said First Mortgage; and

WHEREAS, on or about the 24th day of January, 1880, said The Union Pacific Railroad Company, under and pursuant to Acts of Congress in that behalf, was consolidated with the Kansas Pacific Railway Company and the Denver Pacific Railway and Telegraph Company, and by such consolidation said The Union Pacific Railway Company, party of the fourth part hereto, was formed and became the successor to said The Union Pacific Railroad Company, which executed the First Mortgage aforesaid; and

WHEREAS, said The Union Pacific Railway Company having become insolvent and having made default in the payment of certain interest which became due on the first day of July, 1894, and the first day of January, 1895, on the First Mortgage Bonds secured by said First Mortgage, the said F. Gordon Dexter and Oliver Ames, trustees as aforesaid, filed in the Circuit Court of the United States for the District of Nebraska, their bill in equity against The Union Pacific Railway Company, the United States of America and various other defendants, to foreclose the said First Mortgage, and subsequently filed in said cause their supplemental bill of complaint showing that the said Railway Company had made default in the payment of interest which fell due and matured on said First Mortgage Bonds on the first day of July, 1895, on the first day of January, 1896, on the first day of July, 1896, on the first day of January, 1897, and on the first day of July, 1897, and that the said company had also made default in the payment of the principal of certain of the bonds secured by said First Mortgage; and such proceedings were thereupon had in the said cause that, on the 29th day of July, 1897, a certain decree of foreclosure and sale was entered by said Circuit Court of the United States for the District of Nebraska, wherein and whereby it was adjudged and decreed that said The Union Pacific Railway Company pay, or cause to be paid within twenty days after the entry of said decree, certain amounts therein found to be due under the said First Mortgage, and that in default of such payment by said The Union Pacific Railway Company, or by some one claiming under it or by some one for its account, or by some of the defendants in the said cause within the time aforesaid, the said mortgaged premises, property and franchises should be sold as provided in the said decree; and

WHEREAS similar and ancillary causes were pending between the same parties in the Circuit Courts of the United

States for the Southern District of Iowa, the District of Wyoming, the District of Colorado and the District of Utah in each of which Districts portions of the mortgaged premises, property and franchises were situate, and said decree entered by the Circuit Court of the United States for the District of Nebraska on the 29th day of July, 1897, was adopted, rendered and announced as the decree of each of said other courts in said similar and auxiliary causes therein pending, by decrees entered by such courts respectively on the following dates, viz.: by said Circuit Court of the United States for the Southern District of Iowa, on the 29th day of July, 1897, by said Circuit Court of the United States for the District of Wyoming, and said Circuit Court of the United States for the District of Colorado, on the 31st day of July, 1897, and by said Circuit Court of the United States for the District of Utah, on the 2d day of August, 1897—to which said several suits and to the proceedings and record thereof in each of the said Courts including said Circuit Court of the United States for the District of Nebraska, reference is hereby made; and

WHEREAS neither The Union Pacific Railway Company nor any one claiming under it nor any one for its account, nor any of the defendants in either of the said causes above mentioned within the time fixed in each of the said decrees, or at any other time made payment of the sums decreed as aforesaid, or any part thereof; and

WHEREAS, by the decree and order of the Circuit Court of the United States for the District of Nebraska in said cause therein pending Silas H. H. Clark, Oliver W. Mink, E. Ellery Anderson, Frederic R. Coudert and John W. Doane, the parties hereto of the second part, were appointed receivers of the railroad, property and effects of The Union Pacific Railway Company, party of the fourth part hereto; and in and by decrees

entered by said United States Circuit Court for the District of Iowa and the Districts of Wyoming, Colorado and Utah respectively in said ancillary causes therein pending the said parties of the second part hereto were appointed receivers of the railroad, property and effects of said The Union Pacific Railway Company for and within the territory and jurisdiction of said courts respectively with the powers, responsibilities and duties conferred upon them by said decree and order entered by said Circuit Court of the United States for the District of Nebraska appointing such receivers; and

WHEREAS, William D. Cornish, the party of the first part hereto, was, in and by the said decree of the Circuit Court of the United States for the District of Nebraska, and in and by said ancillary decrees of the United States Circuit Court in and for each of the said other Districts, appointed Special Master to execute said decrees and make the sale therein provided to be made, and to execute and deliver deeds of conveyance to the purchaser or purchasers thereof upon confirmation of such sale and payment of the purchase price thereof as in said decrees provided; and

WHEREAS, said William D. Cornish, Special Master as aforesaid, gave due public notice, in pursuance of said decrees and according to law, of the time and place of the sale under said decrees and of the manner and terms upon which such sale was to be conducted, and duly complied with all the provisions of said decrees relating to such sale; and in pursuance of said decrees, at the place specified therein, to wit, upon the mortgaged premises, at the freight station of The Union Pacific Railway Company, in the City of Omaha, in the State of Nebraska, did on the 2d day of November, 1897, duly sell at public auction to Louis Fitzgerald and Alvin W. Krech, Purchasing Trustees, the parties of the fifth part to this indenture, they being the highest and best bidders at said sale, all and singular the railroad, telegraph, franchises, rights, functions, im-

mounts and appurtenances to the same belonging rolling stock and property of every kind and description, in the said decrees mentioned and directed to be sold at and for the sum of fifty million, six hundred and thirty seven thousand, four hundred and thirty five dollars (\$50,637,435), and

WHEREAS, afterwards, William D. Cornish, Special Master as aforesaid, did duly make and file his report of said sale to the said several courts, and by decrees entered by said several Circuit Courts of the United States in said causes therein pending respectively, the said report of sale was in all things ratified, approved and confirmed and the sales therein reported made absolute, subject to all the terms and conditions of said several decrees of foreclosure and sale and to the due performance by the purchasers or their successors or assigns of all the obligations therein prescribed; and

WHEREAS, said Louis Fitzgerald and Alvin W. Krech, Purchasing Trustees, the parties of the fifth part hereto, have in all respects complied with the provisions of the said decrees of foreclosure and sale and have paid and made settlement of the purchase price as provided in said decrees and the orders of said Courts; and

WHEREAS, Said Louis Fitzgerald and Alvin W. Krech, Purchasing Trustees, have duly sold, assigned, transferred and set over to Union Pacific Railroad Company, the party of the sixth part to this Indenture, their said bid and their right to receive conveyance of the railroad, franchises and other property purchased and all their other rights under the said decrees and by virtue of their bid and purchase at said sale;

Now, therefore, this Indenture witnesseth, that the said WILLIAM D. CORNISH, Special Master as aforesaid, party of the first part to these Presents, in order

to carry into effect the sale made by him as aforesaid and in pursuance of the aforesaid decrees, and in conformity to law and in consideration of the prices and of the payment and settlement as aforesaid and of the said purchase price of the said property as provided in that behalf in the said decrees, and orders of said courts, has granted, bargained, sold, assigned, released, conveyed and confirmed, and by these presents, does grant, bargain, sell, assign, release, convey and confirm unto the said UNION PACIFIC RAILROAD COMPANY, the party of the sixth part hereto, and to its successors and assigns, in fee simple forever, all and singular all the railroad, telegraph, franchises, rights, functions, immunities and appurtenances to the same belonging, rolling stock and property of every kind and description mentioned in the said decrees and embraced in and covered by the said First Mortgage of November 1, 1865, and all the property sold or directed by the said decrees to be sold, the same being described as follows :

All the railroad, right of way, and railroad property of The Union Pacific Railway Company extending from the eastern terminus of the Union Pacific Railway on the east line of the said Railway Company's property between Twelfth Avenue and Thirteenth Avenue in Council Bluffs, Iowa, in a westerly direction to Twentieth Street in Omaha, Nebraska, including the railroad and railroad bridge across the Missouri River, and extending from the initial point of construction of the Union Pacific Railroad near the northeast corner of and within section 10, Township 15, range 13 east of the 6th principal meridian in Omaha, Nebraska, in a southerly and westerly direction through the city of Omaha to Twentieth Street in said City of Omaha at a junction with that part of said railroad from Council Bluffs aforesaid, and extending thence in a westerly direction through the counties of Douglas, Sarpy, Dodge, Colfax, Platte, Merrick, Hall, Buffalo, Dawson, Lincoln, Keith, Deuel, Cheyenne, and Kimball in the State of Nebraska, and Sedgwick County in the State of Colorado, and the Counties of Laramie, Albany, Carbon, Sweetwater, and Uintah in the State of Wyoming, and the Counties of Summit, Morgan, Davis and Weber in the State of Utah, to a junction with the Central Pacific Railroad at a point five miles west of Ogden in the State of Utah, a distance of 1,012.41 miles of main line railroad ; and also the rights of way, railroads and

railroad tracks constituting spur or branch line of railroad extending from points of junction with the said main lines, (1) at a point about 6 of a mile west of what is known as Transfer Depot at Council Bluffs, in a northeasterly direction to what is known as the Broadway Depot in said city, a distance of 1.72 miles in the city of Council Bluffs, (2) at Army Junction, Wyoming, in a northerly direction to a terminus at Mine No. Seven, a distance of 3.83 miles; (3) at Cheyenne, Wyoming, in a northwesterly direction to a connection with the track of the Union Pacific, Denver and Gulf Railway, a distance of 2.04 miles; (4) at a point on said main line in Omaha, Nebraska, northerly and easterly, a distance of 18,000 feet to certain ice houses and industries on what is known as Cut-off Lake; also lots, yards, terminal grounds, shop grounds, streets and alleys, lands and tracts of land, tenements and hereditaments, easements and rights of way, owned or acquired or appropriated by or for The Union Pacific Railroad Company, The Union Pacific Railway Company, or the Receivers of the property of said last named Company for the purposes of said lines of railroad, including all lands so acquired or appropriated the title to which stands in the names of trustees for said The Union Pacific Railway Company; and also all lands acquired for or used for stations or for terminal purposes, and also all rights and estates, legal and equitable, of The Union Pacific Railway Company in and to all stations and depots, and in and to all union depots upon or connected with the line of its said railway or used in connection therewith, and including all the lands and other property described in the reports of the Special Master, filed in said several causes respectively and referred to in said decrees, and in the schedules in said reports contained and therein numbered 1, 2, 3, 4 and 5, hereby referred to and made part hereof, all the said property being property owned, acquired or appropriated and necessary to the use and operation of the said railroad; also the shops, freight depots, general office building, roundhouses, depots, engine houses, car houses, station houses, machine shops, work-shops, rails, switches, turnouts, spurs, side tracks, sidings and other structures and facilities upon said mortgaged premises, constructed, acquired or owned for the purposes of or in connection with said lines of railway; also the lands, interests and easements in lands, pipes, pump-houses, structures, pipe lines, appliances, facilities and easements of said company pertaining to the water supply upon or along said lines of railroad, and the tools, appliances, fixtures, materials and supplies owned or acquired for the purposes thereof; also the locomotives, passenger cars, Pullman sleeping cars, dining cars, freight cars and other cars, and all other equipment and rolling stock owned by The Union Pacific Railway Company, and all

interest of said The Union Pacific Railway Company in any other equipment or rolling stock, to the extent that said equipment and rolling stock so owned or on which the said railway company has any interest, was acquired or provided for or by said railway company for the purposes of said railroad and mortgaged premises, or is necessary for the running and operation thereof, the same being the undivided 70 per cent. of all the rolling stock or equipment owned by The Union Pacific Railway Company, or in which said company has any interest, also all the lines of telegraph, telegraph material, instruments, fixtures and appliances belonging to the said railway company and located upon or used in connection with said mortgaged premises; also all furniture, fixtures, appliances, apparatus, supplies and material owned, acquired or provided by said company for use in connection with said railroad and mortgaged premises, located in the various offices of said railway company upon or remote from said railroad, including the offices of said company in the cities of Omaha, Nebraska, and Boston, Massachusetts, and also all the property of said The Union Pacific Railway Company, and all its rights and interests in and to property of every kind and nature, whether of the character herein described or otherwise, and also all the corporate rights and franchises of said The Union Pacific Railroad Company and its successor The Union Pacific Railway Company, so far as such property, rights, interests and franchises pertain to the said railroad, telegraph and mortgaged premises; also all the moneys, credits and property not herein otherwise specified, in the possession of or under the control of the said Receivers in said causes, or to which said Receivers are or may be entitled, which have been or may be derived by said Receivers from or on account of said mortgaged premises, or from the sale or other disposition of any of said mortgaged property, or from the operation of said mortgaged premises by said Receivers, subject to the charges of the Receivers as specified in said decrees in respect thereof; said lands above referred to as standing in the names of trustees for the said The Union Pacific Railway Company and which are herein and hereby conveyed unto the party of the sixth part hereto, being described as follows:

Description

Acres

POTTAWATTAMIE COUNTY, IOWA.

Commencing at a point 171.5 ft. South of the northern corner of the NW $\frac{1}{4}$ of SE $\frac{1}{4}$ of Sec. 34, T. 5 N. R. 44 W. of the 5th P. M.; thence taking the 40 acre line for due north & south line S 57 deg 31' W. 369.23 ft.; thence West to a point 676.5 ft. south and 329.34 ft. east of the centre of said Sec. 34; thence South parallel with the north & south centre line of said Sec. 34, 660 ft. to a point in the present North Right of Way line of the Union Pacific Ry Co.; thence East on said R. O. W. line 913.16 ft.; thence Northeasterly 89 ft. to a point in 40 acre line 60 ft. more or less North of the SE corner of the NW $\frac{1}{4}$ of SE $\frac{1}{4}$ of said Sec. 34; thence North on said 40 acre line 795.3 feet to the place of beginning, containing an area of.....

15.42

Atkins, Baker & McFarland, Trustees.

A tract in the NE $\frac{1}{4}$ of SE $\frac{1}{4}$ of Sec. 34, T. 75 N. R. 44 W. of 5th P. M. of Iowa, described as follows: Commencing at a point 185.3 ft. South from the East quarter section corner of said Sec. 34, running thence south on Section line 389.2 ft. or to grounds as now owned by the Union Pac. Railway Co.; thence Southwesterly on Northerly line of said grounds 1484 feet to West line of said NE $\frac{1}{4}$ of SE $\frac{1}{4}$; thence North on said line 1030 ft.; thence East 1323 feet or to place of beginning. Except tract sold to S. H. Finney, described as follows: Commencing at a point 537 feet south from the East $\frac{1}{4}$ Section corner of said Sec. 34 and running thence south 39 $\frac{1}{2}$ ft. to Union Pacific Ry. grounds; thence southwesterly on northerly line of said grounds 270 $\frac{1}{2}$ feet; thence N. 30 deg. W. 188 $\frac{1}{2}$ ft.; thence East 335 ft. to place of beginning. Containing 0.737 of an acre.....

21.56

Atkins, Baker & McFarland, Trustees.

SW $\frac{1}{4}$ of NE $\frac{1}{4}$ and NW $\frac{1}{4}$ of Sec. 2 and all Sec. 3, all in Township 74, Range 44 West.....

791.10

Dexter, Atkins & Mink, Trustees.

A tract of land in the NE $\frac{1}{4}$ of SE $\frac{1}{4}$ Sec. 34, T 75 N. R. 44 W. in Pottawattamie Co., Iowa, described as follows:

Commencing at a point 537 ft. south from the East $\frac{1}{4}$ Section corner of said section 34, and running thence south 39 $\frac{1}{2}$ feet to the U. P. Ry. ground; thence southwesterly on northerly line of said grounds 270 $\frac{1}{2}$ feet; thence north 30 deg. West 188 $\frac{1}{2}$ ft.;

Description	Area
Hence East 335 feet to place of beginning, containing an area of.....	0.74
Dexter, Atkins & Mink, Trustees	
The East 44 feet of Lot 1, the East 44 feet and the West 22 feet of Lot 2, and all of lots 3 & 5, all in Block 9 in Grimes Addition to Council Bluffs.....	0.66
Dexter, Atkins & Mink, Trustees	
Part of Lots 4 and 6 in Block 9 in Grimes Addition to Council Bluffs not in Union Avenue.....	0.44
Dexter, Atkins & Mink, Trustees	
That portion of Lot 7 in Block 9 in Grimes Addition to the City of Council Bluffs, not taken and used for the Right of Way of "Union Avenue".....	0.02
Atkins, Baker & McFarland, Trustees	
Part of Lots 1, 2, 3, 4 & 5 in Block 13, in Bayliss Addition to Council Bluffs not in Union Avenue.....	0.57
Dexter, Atkins & Mink, Trustees.	
An undivided half of Lots 1, 2 & 3 in Block 11 in the Sub-division of Riddle Tract in the City of Council Bluffs.	
All the interest of J. S. Casement, Mary Lockwood Casement, Robert L. Casement, Grey Casement and Daniel Wells Casement in and to Lots 1, 2 & 3 in Block 11 in Riddle's Sub-division of the City of Council Bluffs, Iowa.	0.36
Atkins, Baker & McFarland, Trustees.	
All the North 35½ feet of Lot 14 and all of Lots 15 & 16 in Block 11; all in the Sub-division of the Riddle tract, City of Council Bluffs.....	0.32
Atkins, Baker & McFarland, Trustees.	
All of Lot 17 in Block 11 in Sub-division of the Riddle tract, City of Council Bluffs.....	0.12
Atkins, Baker & McFarland, Trustees.	
All of Lot No. 18 in Block 11 in Sub-division of Riddle tract, City of Council Bluffs.....	0.12
Atkins, Baker & McFarland, Trustees.	
All of Lot 19 in Block 11 in the Sub-division of the Riddle tract in the City of Council Bluffs.....	0.12
Atkins, Baker & McFarland, Trustees.	
All of Lot 20 in Block 11 in the Sub-division of the Riddle tract in the City of Council Bluffs.....	0.12
Atkins, Baker & McFarland, Trustees.	
All of Lots 1, 2, 9 & 10 in Block 12; also the north 22½ ft. of Lot 3 in Block 12 and the North 22½ ft. of Lot 11 in Block 12 and the North 113½ ft. of Lot 8 in Blk 12; all in the Sub-division of the Riddle tract of Council Bluffs.....	0.70
Atkins, Baker & McFarland, Trustees.	

Description	Acres
All of Lot 1 in Block 33 in the Sub-division of the Riddle tract in the City of Council Bluffs	
All of Lot No. 2 in Block No. 33 in Sub-division of the Riddle tract, City of Council Bluffs.	0.25
Atkins, Baker & McFarland, Trustees.	
All Lot 3 in Block 33 in Sub-division of the Riddle tract in the City of Council Bluffs.	
All of Lot 12 in Block 33, Riddle's Sub-division of the City of Council Bluffs.	0.25
Atkins, Baker & McFarland, Trustees.	
All of Lots 13 & 14 in Block 33 in Sub-division of Riddle tract, City of Council Bluffs.	0.25
Atkins, Baker & McFarland, Trustees.	
All of Lot 15, Block 33 in the Sub-division of Riddle tract, City of Council Bluffs.	
All Lot 16 in Block 33 in the Sub-division of the Riddle tract in the City of Council Bluffs.	0.20
Atkins, Baker & McFarland, Trustees.	
All of Lot 1 in Block 34 in Sub-division of the Riddle tract, City of Council Bluffs.	
Lot 2 and 3 in Block 34 in the Sub-division of the Riddle tract, in the City of Council Bluffs.	0.37
Atkins, Baker & McFarland, Trustees.	
All of Lots 12, 13 & 14 in Block 34 in Sub-division of Riddle tract, City of Council Bluffs.	0.38
Atkins, Baker & McFarland, Trustees.	
Lot 15 in Block 34 in the Sub-division of the Riddle tract in the City of Council Bluffs.	0.10
Atkins, Baker & McFarland, Trustees.	
All Lot 16 in Block 34 in the Sub-division of the Riddle tract in the City of Council Bluffs.	0.10
Atkins, Baker & McFarland, Trustees.	
All of Lot 14 in the Block 37 in Sub-division of the Riddle tract, City of Council Bluffs.	0.13
Atkins, Baker & McFarland, Trustees.	
All of Lots 1, 2 & 3 in Block 38 in Sub-division of the Riddle tract, City of Council Bluffs.	0.37
Atkins, Baker & McFarland, Trustees.	
All Lot 11 in Block 38 in the Sub-division of the Riddle tract in the City of Council Bluffs.	0.12
Atkins, Baker & McFarland, Trustees.	
All Lots 12, 13 & 14 in Block 38 in the Sub-division of the Riddle tract in the City of Council Bluffs.	0.37
Atkins, Baker & McFarland, Trustees.	
All of Lot 15 in Block 38 in Sub-division of the Riddle tract, City of Council Bluffs.	
All of Lot 16 in Block 38 in Sub-division of the Riddle tract in the City of Council Bluffs.	0.18
Dexter, Atkins & Lane Trustees.	

DOUGLAS COUNTY, NEBRASKA.

City of Omaha.

Description.	Acres
Lot 2 and 3 in Block 208 in the City of Omaha, as surveyed and lithographed.....	0.40
Atkins, Baker & McFarland, Trustees.	
Lot 4 in Block 208 in the City of Omaha, as surveyed and platted.....	0.20
Atkins, Baker & McFarland, Trustees.	
Lot 5 in Block 208 in the City of Omaha, as surveyed and platted.....	0.20
Atkins, Baker & McFarland, Trustees.	
Lot 6 in Block 208 in the City of Omaha.....	0.20
Atkins, Baker & McFarland, Trustees.	
Lot 2 in Block 215 in the City of Omaha.....	0.20
Atkins, Baker & McFarland, Trustees.	
Lot 3 in Block 215 in the City of Omaha.....	0.20
Atkins, Baker & McFarland, Trustees.	
Lot 4 in Block No. 215 in the City of Omaha, as surveyed and platted.....	0.20
Atkins, Baker & McFarland, Trustees.	
Part of Lot 2 (being 2,178 sq. ft.) in Block No. 226, in the City of Omaha, according to the recorded plat thereof.	
Atkins, Dexter & Lane, Trustees.	
Commencing at a point 346 feet north of the SE corner of the SW $\frac{1}{4}$ of the SW $\frac{1}{4}$ of section 23 in T 15 N of R 13 E of the 6th P. M.; thence east 410 feet; thence south 88 ft.; thence west 240 ft.; thence north 56 ft.; thence west 170 feet; thence north 32 feet to the place of beginning. Containing 26,560 square feet.....	0.61
Atkins, Baker & McFarland, Trustees.	
Lots 5, 6 & 7 in Block F.....	0.60
Dexter, Atkins & Mink, Trustees.	
Lot 1 in Block 178 in the City of Omaha, as surveyed and lithographed.....	0.20
Atkins, Baker & McFarland, Trustees.	
All Lots numbers 2 and 3 in Block No. 178 in the City of Omaha.....	0.40
Atkins, Baker & McFarland, Trustees.	
All the following described Real Estate, situated in the City of Omaha, County of Douglas, and State of Nebraska, to wit: Lots 5, 6, 7 & 8 in Block 178; Lots 6, 7 & 8 in Block 179.....	1.22
Atkins, Baker & McFarland, Trustees.	

Description	Acres
Lot 5 in Block 179 as surveyed and platted by the Council Bluffs and Nebraska Ferry Co.	0.20
Dexter, Atkins & Mink, Trustees.	
Lot No. 5 in Block 180 in the City of Omaha.	0.20
Atkins, Baker & McFarland, Trustees.	
Lot No. 6 and 8 in Block 180 in the City of Omaha.	0.40
Atkins, Baker & McFarland, Trustees.	
Lot 4 in Block 181.	0.20
Dexter, Atkins & Mink, Trustees.	
All Lots 1 & 4 in Block 188 in the City of Omaha. Also a parcel of land adjoining said Lot 1 on the East, commencing at the NE corner of said Lot 1 in Block 188 aforesaid; thence South 132 feet to the SE corner of said Lot 1; thence East 20 feet; thence North 133 ft.; thence West 20 ft. to place of beginning. Containing 2640 square feet.	0.46
Atkins, Baker & McFarland, Trustees.	
All Lots 2 and 3 in Block 188 in the City of Omaha. ...	0.40
Atkins, Baker & McFarland, Trustees.	
All of Lots 1, 2 & 3 Block 189 South of Right of Way of the U. P. Ry. containing $1\frac{1}{2}$ of a regular City lot	0.32
Atkins, Baker & McFarland, Trustees.	
All that portion of Lot 4 in Block 189 in the City of Omaha not included in a certain grant for Right of Way made to the Union Pacific Railroad Company by deed dated March 3, 1864, and recorded on the 21st day of the same month in Book "P" of deeds at Page 301 of the records of said Douglas County. ...	0.02
Atkins, Baker & McFarland, Trustees.	
Part of Lot 2 (being 6,534 sq. ft.) in Block 226 in the City of Omaha, according to the Recorded Plat thereof.	
Lots 7, 8, 9 & 10 in block 15 and fractional Block 17 in the Town of Millard.	0.33
Dexter, Atkins & Mink, Trustees.	
Lots 7, 8, 9 & 10 in Block 23 in the Town of Waterloo.	0.75
Dexter, Atkins & Mink, Trustees.	

DODGE COUNTY, NEBRASKA.

Lots 1 & 2 in Block C in the City of North Bend.	1.42
Lot 5 in Block 53 in the City of North Bend, except the East 15 feet of lot.	
Dexter, Atkins & Mink, Trustees.	

PLATTE COUNTY, NEBRASKA

City of Columbus

			Trustees,		
			Dexter, Atkins & Mink		
Lot 3 & 4 in Block	41	0.40			
" 7	58	0.20	"	"	"
" 3 & 4	59	0.40	"	"	"
" 4	77	0.20	"	"	"
Lot 3	80	0.20	"	"	"
" 1 & 2	86	0.40	"	"	"
" 8	100	0.20	"	"	"
" 5 & 6	101	0.40	"	"	"
" 7	102	0.20	"	"	"
" 3 & 4	110	0.40	"	"	"
" 5	112	0.20	"	"	"
" 2 & 7	113	0.40	"	"	"
" 7 & 8	121	0.40	"	"	"
" 7	125	0.20	"	"	"
" 6	145	0.20	"	"	"
" 7	159	0.20	"	"	"
" 8	168	0.20	"	"	"
" 5	187	0.20	"	"	"
" 3 & 4	190	0.40	"	"	"
" 7	195	0.20	"	"	"
" 1	199	0.20	"	"	"
" 1	209	0.20	"	"	"
" 6	211	0.20	"	"	"
" 7	224	0.20	"	"	"
" 1 & 7	225	0.40	"	"	"
" 2	229	0.20	"	"	"
" 6	231	0.20	"	"	"
" 3, 5 & 6	232	0.60	"	"	"
" 2	234	0.20	"	"	"
" 2	259	0.20	"	"	"
Out Lot 7		11.65	"	"	"
9		7.75	"	"	"
SE $\frac{1}{4}$ of NW $\frac{1}{4}$ Sec. 20—					
17—1 W		40.00	"	"	"

HALL COUNTY, NEBRASKA

City of Grand Island.

			Trustees.
Lots 5, 6, 7 & 8 in Block 39.....	0.80	Dexter, Atkins & Mink.	
" 5, 6, 7 & 8 " 40.....	0.80	" " "	
" 5, 6, 7 & 8 " 41.....	0.80	" " "	
" 3, 4, 5 & 6 " 42.....	0.80	" " "	

First Addition to Grand Island.

Frac. Lot 7 in Block 105.....	0.03	" " "
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BUFFALO COUNTY, NEBRASKA.

Kearney Junction.

		Trustees.
Lots 89, 602, 719.....	0.40	Dexter, Atkins & Mink.
(Park) " 1398, 1399, 1400, 1404,		
1405, 1406.....	0.90	" " "
" 1477	0.15	" " "

LARAMIE COUNTY, WYOMING.

City of Cheyenne.

Fractional Lot No. 1 in Block 833. Also Lots 1, 2 & 3, and frac. Lots 4, 5, 6, 7 & 8 in Block 834. Also lots 1, 2, 3, 4, 5, 6, 7 & 8 in Block 835. All in Section 32, T. 14, N. R., 66 W.; Also lots 1, 2, 3, 4, 5, 6, 7 & 8 in Block 836; Also Lots No. 1, 2, 3, 4, 5, 6, 7 & 8 in Block 837; Also Lots No. 1, 2, 3, 4, 5, 6, 7 & 8 in Block 838; Also Lots No. 1, 2, 3, 4, 5, 6, 7 & 8 in Block 839—All in Section 32, T. 24, N. R., 66 W., as designated on the official plat of Townsite of said City of Cheyenne.....	9.86	Atkins, Baker & McFarland, Trustees.
Lot 22 in Block 122. City of Laramie.....	0.72	Dexter, Atkins & Mink, Trustees.

SW 1/4 of NW 1/4 of NE 1/4
 NW 1/4 of SW 1/4 of NE 1/4
 E 1/4 of NW 1/4 of NE 1/4 Sec. 1, T. 11 N. R. 75 W.
 S 1/4 of NW 1/4 of NW 1/4
 NE 1/4 of SW 1/4 of NW 1/4
 N 1/4 of NW 1/4 of SW 1/4 Sec. 5, T. 11 N. R. 75 W.
 NE 1/4 of NE 1/4 of SE 1/4 Sec. 6, T. 11 N. R. 75 W.
 SE 1/4 of SE 1/4 of SW 1/4 Sec. 33, T. 15 N. R. 75 W.
 Also all claim in and to other portions of Secs. 1 &
 5 T. 11 N. R. 75 W. and in and to other portion of
 Sec. 33 T. 15 N. R. 75, which may have been at any
 time vested in those through whom above property
 was obtained. 200.00
 Dexter, Atkins & Mink, Trustees

WEBER COUNTY, UTAH.

A part of lot 6 in Block 4 in South Ogden Survey, be-
 ginning at the northwest corner of said lot 6 and
 running thence south 20 rods; thence east 10 rods;
 thence north 24 rods; thence east 2 rods; thence
 north 17 1/2 rods; thence west 12 rods to place of be-
 ginning. 1.47
 Atkins, Dexter & Lane, Trustees

Including also in this conveyance to said party of the
 sixth part any property and income acquired or received
 by the Receivers as Receivers in said several causes or
 any of them through the operation of said mortgaged premises,
 and any property acquired by the Receivers in the Ames Cause
 hereinafter mentioned for or appropriated by them to the use
 of the railroad and telegraph covered by said First Mortgage or
 necessary to the said railroad and telegraph line for running
 and operating the same, together with all the franchises, rights,
 functions, immunities and appurtenances belonging to said
 mortgaged premises.

It being the true intent and purpose hereof to convey to
 the party of the sixth part all property and premises directed by
 the said decrees to be sold whether the same are in this Indent-
 ure particularly described or not, subject however to the charges
 of the Receivers in respect thereof as set forth in said decrees:

To have and to hold all and singular the above-mentioned and described railroad, telegraph, rolling stock, franchises and property of every kind and description hereby conveyed or intended to be conveyed, unto the said Union Pacific Railroad Company, party of the sixth part hereto, being the corporation organized and existing under and pursuant to the laws of the State of Utah, and to its successors and assigns forever, as fully and absolutely as the party of the first part may or ought by virtue of the said decrees to convey the same, SUBJECT TO AND SAVING, however, the right of the Government to have the preference at all times in the use, at fair and reasonable rates of compensation, to be paid to the party of the sixth part, not to exceed the amounts paid by private parties for the same kind of service, of said telegraph line and railroad, for the transmission of despatches over said telegraph line, and the transportation of mails, troops and munitions of war, supplies and public stores upon said railroad for the Government, whenever required by any Department thereof;

AND SUBJECT TO AND SAVING the title of The American Loan and Trust Company, as shown by the Equipment Trust Indenture of The Union Pacific Railway Company to the said The American Loan and Trust Company, dated October 1st, 1887, to the extent and so far as the said indenture affects the portion of the equipment therein embraced which is adjudged in said decrees to pertain to said mortgaged premises, and to the extent of the purchase money indebtedness in said decrees found to be outstanding thereunder; AND SUBJECT TO AND SAVING the lien of the Omaha Bridge Mortgage of The Union Pacific Railroad Company to John Edgar Thomson, John Pierpont Morgan and Elisha Atkins, as trustees, dated the first day of April, 1871, and the indenture supplemental thereto, dated the 27th day of September, 1871, and the lien of the Omaha Bridge Renewal Mortgage, executed by The Union Pacific Railway Company to the Central Trust Company, of New York, as trustee, dated the first day of October,

Thereupon and in respect of the premises contained in and covered by said Bridge Mortgage, and to the extent of the indebtedness thereby secured and in said decrees found to be outstanding and unpaid.

And enter also to the further express condition that the party hereto of the sixth part, its successors or assigns, shall, as part consideration and purchase price of the property purchased and herein conveyed, and in addition to the sums required by said decrees to be paid, and paid, take the same, and receive this deed therefor upon the express condition that it or its successors or assigns shall, as provided in said decrees, pay, satisfy and discharge the obligations, liabilities and charges in said several decrees, specified as follows:

First. All the proper costs of said causes and of the expenses of the sale, therein decreed, including the compensation and necessary expenses of the Special Master appointed to make the sale.

Second. Any unpaid compensation which has been or shall be allowed to the Receivers in said causes or their solicitors, and any unpaid indebtedness and liability of the Receivers incurred in the management and operation of the mortgaged premises since October 13, 1893, which is either established or unquestioned at the time of the delivery of this Indenture.

Third. The charges, compensation, allowances and disbursements of the Complainants and any of the other parties to said causes, entitled thereto, their solicitors and counsel.

Fourth. A sum equivalent to interest at the rate of six per cent. per annum from the date of said decree, entered by the United States Circuit Court for the District of Nebraska, to a date of payment to be fixed by the Special Master upon the entire amount of First Mortgage bonds which has not been presented by the purchaser on account of his bid.

Fifth. The payment of all First Mortgage coupons and accrued interest on matured First Mortgage bonds unpaid at the date of the entry of said decrees, to the amount of \$102,930.

as found in article Eighth of said decrees, which shall not have been paid at the time of the delivery of the property to the purchaser.

Sixth. All unpaid indebtedness and obligations, if any such there be, which have been legally contracted or incurred by the Receivers in said causes in the operation, or on account of, the property embraced in said First Mortgage of The Union Pacific Railroad Company at any time before the same shall be delivered to the purchaser or purchasers, and also any such unpaid compensation which has been or shall be allowed by the court to the receivers or their solicitors in the cause in which Oliver Ames, Second, Samuel Carr, and others, are complainants, and The Union Pacific Railway Company and others are defendants, pending in said courts, and known as the "Ames Cause," and all such unpaid indebtedness, obligations and liabilities of the said receivers in said Ames cause which shall have been allowed or legally contracted or incurred by the said receivers in the operation of said property embraced in said First Mortgage, and shall be properly chargeable to said property to the extent to which the revenues and assets in the hands of said receivers in said Ames cause shall be insufficient to pay and discharge such compensation, indebtedness, obligations and liabilities in said cause.

Seventh. Any indebtedness or liability contracted or incurred by The Union Pacific Railway Company, or by the said Receivers in the said Ames Cause, in the operation of the property covered by and embraced in the said First Mortgage of November 1st, 1865, prior to the appointment of the Receivers in the causes in which Dexter and Ames are complainants, which are prior in lien to said First Mortgage, and payment whereof was provided for by order of said Circuit Court for the District of Nebraska, dated January 21st, 1895, in said cause, and which shall not, at the time of such delivery of possession, have been paid or satisfied out of the income of the property in the hands of the Receivers, upon

the Court adjudging the same to be prior in lien to said First Mortgage, and directing payment thereof; provided that suit be brought for the enforcement of such indebtedness or liability incurred by said Railway Company or Receiver within the period allowed by the statute of limitations applicable thereto, after such indebtedness or liability was contracted or arose;

AND SUBJECT, also, to all other terms, conditions and reservations of each of the said several decrees of foreclosure and sale and the several decrees confirming the said sale entered in the United States Circuit Courts for the District of Nebraska, the Southern District of Iowa, the Districts of Wyoming, Colorado and Utah, respectively, whether in this Indenture expressly referred to or not, including the reservation of the said Courts to retake and resell the premises herein conveyed in case the party of the sixth part to this Indenture or its successors or assigns should fail to pay any sum required to be paid under the said decrees within the time specified in said decrees respectively after the entry of an order requiring such payment.

And this Indenture further witnesseth, that, WHEREAS in and by the said decrees of foreclosure and sale of the said railroad, franchises, property and premises hereinbefore and in the said decrees described, the said Receivers and the Receivers theretofore appointed in the said Ames Cause were ordered and directed to make and deliver a sufficient deed conveying and assigning to the Purchaser or Purchasers at the said Master's Sale and his or their assigns, all their right, title and interest in, of, or to, any property vested or standing in their names, or to which they have acquired title, as such Receivers, in the management or operation of the premises covered by and embraced in said First Mortgage so far as the same shall be appurtenant to said premises:—

Now, THEREFORE, the said Receivers as aforesaid, PARTIES OF THE SECOND PART HERETO, for and in consideration of the premises and of the sums as aforesaid paid by the said purchasers and of the assignment of the said bid by the said purchasers to the party of the sixth part hereto and in pursuance of the said decrees of the said Courts respectively, have granted, bargained, sold, assigned, transferred and conveyed, and by these presents do grant, bargain, sell, assign, transfer and convey unto the said party of the sixth part to-wit, Union Pacific Railroad Company, the corporation organized as aforesaid under and pursuant to the laws of the State of Utah, all their right, title and interest in, of, or to, any property vested or standing in their names, or to which they have acquired title or right as such Receivers in the management and operation of the premises covered by and embraced in the said First Mortgage, so far as the same may be appurtenant to the said premises, and including any property and income acquired or received by the said Receivers as Receivers in the said causes through the operation of the mortgaged premises and any property acquired by the Receivers in the said Ames Cause for, or appropriated by them to the use of, the railroad and telegraph covered by the said First Mortgage, or necessary to the said railroad and telegraph line for running and operating the same, as fully and absolutely as the said Receivers may or ought by virtue of the said decrees to convey the same, SUBJECT, NEVERTHELESS, to all the debts, liabilities and obligations of the said Receivers as specified in the said decrees; To HAVE AND TO HOLD all and singular the said property, real and personal, unto the said party of the sixth part hereto its successors and assigns forever.

And this Indenture further witnesseth that the said F. GORDON DEXTER and OLIVER AMES, parties of the third part hereto, as Trustees under the said First Mortgage, dated November 1, 1865, described in the said decrees, in considera-

term of the premises and of the payment of the sum aforesaid by the said purchasers and of the assignment of the said debt by the said purchasers to the party of the sixth part hereto, and in pursuance of the said decrees and orders of the said Courts, respectively, have transferred and released, and by these presents do transfer and release, to the said Union Pacific Railroad Company, party of the sixth part hereto, its successors and assigns forever, all the right, title and interest of the said parties of the third part hereto in and to all the property covered by the said First Mortgage, or upon which the said First Mortgage is a lien, as fully and absolutely as they may or ought by virtue of the said decrees to transfer and release the same: To HAVE AND TO HOLD all and singular the said railroad, property and premises unto the said party of the sixth part hereto, its successors and assigns forever.

And this Indenture further witnesseth that said THE UNION PACIFIC RAILWAY COMPANY, party hereto of the fourth part, for and in consideration of the premises and in pursuance of the said decrees and orders of the said Courts respectively, has bargained, sold, assigned, transferred, conveyed and released, and by these presents does bargain, sell, assign, transfer, convey and release unto the party hereto of the sixth part, all the right, title and interest of The Union Pacific Railway Company, party hereto of the fourth part, in and to the said railroad, rights, properties, functions, franchises, privileges, immunities, money and credits which by the said decrees were ordered to be sold, and all the property described in the said decrees and therein ordered to be sold and herein conveyed, assigned, transferred or released by the parties of the first, second and third parts, respectively, to this Indenture, as fully and absolutely as the said party of the fourth part hereto can or ought by virtue of the said decrees to convey the same: To HAVE AND TO HOLD all

and singular the said railroad, premises and property, real and personal, unto the said party of the sixth part hereto, its successors and assigns forever.

And this indenture further witnesseth that the said LOUIS FITZGERALD and ALVIN W. KRECH, Purchasing Trustees, being the purchasers at the said sale of the said railroad, property and premises herein conveyed by the said Special Master under the said decrees of foreclosure, having assigned, transferred and set over, as hereinbefore recited, unto the party of the sixth part their said bid and their right to receive conveyance of the railroad, franchises and other property purchased, and all their other rights under the said decrees, or by virtue of their said bid and purchase, do hereby join in the execution of this Indenture for the purpose of releasing and confirming, and they do hereby release and confirm unto the said Union Pacific Railroad Company, party hereto of the sixth part, and its successors and assigns forever all of their right, title and interest in and to the property and premises in this Indenture conveyed and each and every part thereof.

It is understood that no personal covenant or liability is to be implied from this deed against the said parties of the first, second, third and fifth parts or against any of such parties.

In order to facilitate the recording hereof, twenty-five originals of this indenture have been executed, acknowledged and delivered by the respective parties, all or any one or more of which may be recorded, and each of which, when executed, acknowledged and delivered, shall be deemed an original and all collectively but one instrument.

In witness whereof, the said parties hereto of the first, second, third and fifth parts, have hereunto set their hands and seals, and the parties of the fourth and sixth parts have caused these presents to be signed by their respective officers,

date authorized, and their respective corporate seals to be hereon affixed, and attested by their respective secretaries, this day and year first above written.

WILLIAM D. CORMISH, [SEAL] *Special Master*

S. H. H. CLARK,	[SEAL.]	} <i>as Receivers.</i>
OLIVER W. MINE,	[SEAL.]	
E. ELLERY ANDERSON,	[SEAL.]	
J. W. DOANE,	[SEAL.]	
F. R. COUDERT,	[SEAL.]	

F. GORDON DEXTER,	[SEAL.]	} <i>as Trustees.</i>
OLIVER AMES,	[SEAL.]	

LOUIS FITZGERALD,	[SEAL.]	} <i>Purchasing</i>
ALVIN W. KRECH,	[SEAL.]	

Trustees.

THE UNION PACIFIC RAILWAY COMPANY,

by

S. H. H. CLARK,

President.

[SEAL]

Attest:

ALEX. MILLAR,

Secretary.

UNION PACIFIC RAILROAD COMPANY,

by

HORACE G. BURT,

President.

[SEAL]

Attest:

ALEX. MILLAR,

Secretary.

Signed sealed and delivered by William }
D. Cornish, Oliver W. Mink, E. Ellery }
Anderson, Frederic R. Coudert, John }
W. Doane, Louis Fitzgerald and Alvin }
W. Krech in the presence of: }

LAWRENCE GREER.

EDWARD VAN INGEN.

T. M. ORR.

By Silas H. H. Clark in the presence of: ;

F. C. DAVIS.

LAWRENCE GREER.

By F. Gordon Dexter and Oliver Ames in }
the presence of: ;

EDWARD VAN INGEN.

T. M. ORR.

By S. H. H. Clark, President, on behalf }
of The Union Pacific Railway Com- }
pany, in the presence of: ;

F. C. DAVIS.

LAWRENCE GREER.

By Alex. Millar, Secretary, on behalf of }
The Union Pacific Railway Com- }
pany, in the presence of: ;

EDWARD VAN INGEN.

LAWRENCE GREER.

By Horace G. Burt, President, and Alex. }
Millar, Secretary, on behalf of Union }
Pacific Railroad Company, in the }
presence of: ;

EDWARD VAN INGEN.

STATE OF NEW YORK,)
City and County of New York,)

I, EDWARD VAN INGEN, Notary Public in and for the State and County aforesaid, do hereby certify that William D. Cornish, Special Master appointed by the United States Circuit Courts for the District of Nebraska, the Southern District of Iowa, the Districts of Wyoming, Colorado and Utah, in the causes in the foregoing Deed of Conveyance mentioned for the purpose of making the sale therein referred to and whose name is signed to the foregoing deed of conveyance or writing bearing date on the 22d day of January, 1898, and who is personally known to me and known to me to be the same person who executed the same, has this day personally appeared before me, the subscriber, and has duly acknowledged the same before me in my State and County aforesaid to be his voluntary act and deed, and duly acknowledged that he executed the same as his free and voluntary act and deed for the uses, purposes and considerations therein expressed and mentioned, to the end that the same might be recorded as such.

Given under my hand and official seal this 25th day of January, in the year one thousand eight hundred and ninety-eight. My commission expires March 30th, 1899.

{SEAL.} EDWARD VAN INGEN,
Notary Public for the City and County of New York,
State of New York.

STATE OF NEW YORK,)
County of New York,) ss.

I, WILLIAM SOMMER, Clerk of the County of New York, and also Clerk of the Supreme Court for the said County, the said Court being a Court of Record having a seal, do hereby certify that Edward Van Ingen, before and by whom the foregoing acknowledgment was taken, was at the time of taking the same a Notary Public residing in said County, and was duly authorized by the laws of the said State to take and certify acknowledgments or proofs of deeds of land in said State, and that said conveyance and the said acknowledgments thereof are in due form of law, and that said deed is executed and acknowledged according to the law of the State of New York. And, further, that I am well acquainted with the handwriting of said Edward Van Ingen, Notary Public, and that I verily believe the signature to said certificate of acknowledgment is genuine.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of the said Court and County the 26th day of January, 1898.

{SEAL.}

WM. SOMMER,
Clerk

STATE OF NEW YORK,
City and County of New York.)

I, EDWARD VAN INGEN, a Notary Public in and for the State and County aforesaid, do hereby certify that Oliver W. Mink, E. Ellery Anderson, Frederic R. Confort and John W. Doane, Receivers appointed by the United States Circuit Courts for the District of Nebraska, the Southern District of Iowa, the Districts of Wyoming, Colorado and Utah, in the causes in the foregoing Deed of Conveyance mentioned, and whose names are signed to the foregoing deed of conveyance or writing, bearing date on the 22d day of January, 1898, and who are personally known to me and known to me to be the same persons who executed the same, have this day personally appeared before me, the subscriber, and have duly acknowledged the same before me in my State and County aforesaid to be their act and deed as such Receivers and duly acknowledged that they executed the same as their free and voluntary act and deed as such Receivers for the uses, purposes and considerations therein expressed and mentioned, to the end that the same might be recorded as such.

Given under my hand and official seal this 26th day of January, in the year one thousand eight hundred and ninety-eight. My commission expires March 30th, 1899.

[SEAL.]

EDWARD VAN INGEN,
Notary Public for the City and County of New York
and State of New York.

STATE OF NEW YORK,
County of New York.) ss:

I, WILLIAM SOHMER, Clerk of the County of New York, and also Clerk of the Supreme Court for the said County, the said Court being a Court of Record having a seal, do hereby certify that Edward Van Ingen, before and by whom the foregoing acknowledgment was taken, was at the time of taking the same a Notary Public residing in said County, and was duly authorized by the laws of the said State to take and certify acknowledgments or proofs of deeds of land in said State, and that said conveyance and the said acknowledgment thereof are in due form of law, and that said deed is executed and acknowledged according to the law of the State of New York. And, further, that I am well acquainted with the handwriting of said Edward Van Ingen, Notary Public, and that I verily believe the signature to said certificate of acknowledgment is genuine.

In Witness Whereof, I have hereunto set my hand and affixed the seal of the said Court and County the 26th day of January, 1898.

[SEAL.]

WM. SOHMER,
Clerk.

State of Texas)
County of Bexar)

I, F. C. DAVIS, a Notary Public in and for the State and County aforesaid, do hereby certify that Silas H. H. Clark, one of the receivers appointed by the United States Circuit Courts for the District of Nebraska, Southern District of Iowa, the Districts of Wyoming, Colorado and Utah, in the causes in the foregoing deed of conveyance mentioned and whose name is signed to the foregoing deed of conveyance or writing, bearing date on the 22d day of January, 1898, and who is personally known to me and known to me to be the same person who executed the same, has this day personally appeared before me, the subscriber, and has duly acknowledged the same before me in my State and County aforesaid to be his voluntary act and deed and duly acknowledged that he executed the same as his free and voluntary act and deed for the uses, purposes and considerations therein expressed and mentioned, to the end that the same might be recorded as such.

Given under my hand and official seal this 22d day of January, in the year one thousand eight hundred and ninety-eight.
My Commission expires June 29th, 1899.

[SEAL.]

F. C. DAVIS,
Notary Public
for the State and County aforesaid.

THE STATE OF TEXAS,)
County of Bexar.)

I, THAD. W. SMITH, Clerk of the County Court in and for said County and State, which Court is a Court of record having a seal, do hereby certify that F. C. Davis, Notary Public, by and before whom the foregoing acknowledgment was taken, was at the time of taking the same a Notary Public residing in said County, and was duly authorized by the laws of the said State to take and certify acknowledgments or proof of deeds of land in said State, and that said conveyance and the acknowledgment thereof are in due form of law, and that said deed is executed and acknowledged according to the law of said State of Texas, and further, that I am well acquainted with the handwriting of said F. C. Davis, Notary Public, and that I verily believe the signature to said certificate and acknowledgment is genuine.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed the seal of the said Court this 22d day of January, A. D. 1898.

[SEAL.]

THAD. W. SMITH,
County Clerk, Bexar County, Texas.
By

Deputy.

STATE OF NEW YORK,)
 City and County of New York,)

I, EDWARD VAN INGEN, Notary Public in and for said State and County, do hereby certify that E. Gordon Dexter and Oliver Ames, parties named in and whose names are subscribed to the foregoing Deed of Conveyance or writing bearing date the 22d day of January, 1898, and who are personally known to me and known to me to be the same persons who executed the same as Trustees as described in the foregoing conveyance, have this day personally appeared before me, as such Notary Public, and severally acknowledged the same before me to be their free act and deed, and severally duly acknowledged to me that they executed the same as Trustees, as aforesaid, as their free and voluntary act and deed for the uses, purposes and considerations therein expressed and mentioned to the end that the same might be recorded.

Given under my hand and official seal this 26th day of January, 1898. My commission expires March 30th, 1899.

[SEAL.]

EDWARD VAN INGEN,
 Notary Public for the City and County of New
 York, State of New York.

STATE OF NEW YORK,) ss.
 County of New York,)

I, WILLIAM SOMMER, Clerk of the County of New York, and also Clerk of the Supreme Court for the said County, the said Court being a Court of Record having a seal, do hereby certify that Edward Van Ingen, before and by whom the foregoing acknowledgment was taken, was at the time of taking the same a Notary Public, residing in said County, and was duly authorized by the laws of the said State to take and certify acknowledgments or proofs of deeds of land in said State, and that said conveyance and the said acknowledgment thereof are in due form of law, and that said deed is executed and acknowledged according to the law of the State of New York. And, further, that I am well acquainted with the handwriting of said Edward Van Ingen, Notary Public, and that I verily believe the signature to said certificate of acknowledgment is genuine.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of the said Court and County the 26th day of January, 1898.

[SEAL.]

WM. SOMMER,
 Clerk.

STATE OF TEXAS,)
County of Bexar,)

I, F. C. DAVIS, a Notary Public in and for the said County, in the State aforesaid, duly commissioned and sworn as such officer, do hereby certify that there personally appeared before me S. H. H. Clark, the President of The Union Pacific Railway Company, personally known to me to be such President, and personally known to me, and known to me to be the same person whose name is signed to the foregoing instrument, and he acknowledged to me that he signed, sealed and acknowledged the same as his own free and voluntary act and deed, and as the free and voluntary act and deed of the said Company. And the said S. H. H. Clark also made oath and said that he knows the corporate seal of the said Company; that the seal affixed to the foregoing instrument is the corporate seal of the said Company, and that it was so affixed by order of the Board of Directors of the said Company, and that the said S. H. H. Clark signed the name of said Company and his own name thereto as President by like order of said Board of Directors; and that the said instrument was signed, sealed and acknowledged for the uses and purposes therein set forth, and to the end that the same might be duly recorded.

Given under my hand and official seal this 22d day of January, A. D. 1898. My commission expires June 29th, 1899.

[SEAL] F. C. DAVIS,
Notary Public for the County and
State aforesaid.

THE STATE OF TEXAS,)
County of Bexar,)

I, THAD. W. SMITH, Clerk of the County Court in and for said County and State, which Court is a Court of record having a seal, do hereby certify that F. C. Davis, Notary Public, by and before whom the foregoing acknowledgment was taken, was at the time of taking the same a Notary Public residing in said County, and was duly authorized by the laws of the said State to take and certify acknowledgments or proofs of deeds of land in said State, and that said conveyance and the acknowledgment thereof are in due form of law, and that said deed is executed and acknowledged according to the law of said State of Texas, and further, that I am well acquainted with the handwriting of said F. C. Davis, Notary Public, and that I verily believe the signature to said certificate of acknowledgment is genuine.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed the seal of the said Court this 22d day of January, A. D. 1898.

[SEAL] THAD. W. SMITH,
County Clerk, Bexar County, Texas.
By Deputy.

STATE OF NEW YORK,)
City and County of New York,)

I, EDWARD VAN INGEN, Notary Public in and for the said County, in the State aforesaid, duly commissioned and sworn as such officer, do hereby certify that there personally appeared before me Alex. Millar, the Secretary of The Union Pacific Railway Company, personally known to me to be such secretary, and personally known to me and known to me to be the same person whose name is signed to the foregoing instrument, and he acknowledged to me that he signed, sealed and acknowledged the same as his own free and voluntary act and deed, and as the free and voluntary act and deed of the said company. And the said Alex. Millar also made oath and said that he knows the corporate seal of the said company; that the seal affixed to the foregoing instrument is the corporate seal of said company, and that it was so affixed by order of the Board of Directors of the said company, and that S. H. H. Clark signed the name of said company and his own name thereto as president, and the said Alex. Millar signed his name thereto as secretary by like order of said Board of Directors; and that the said instrument was signed, sealed and acknowledged for the uses and purposes therein set forth, and to the end that the same might be duly recorded.

Given under my hand and official seal this 25th day of January, A. D. 1898. My commission expires March 30th, 1899.

EDWARD VAN INGEN,
[SEAL.] Notary Public for the City and County of
New York, State of New York.

STATE OF NEW YORK,)
County of New York,)

I, WILLIAM SOHMER, Clerk of the County of New York, and also Clerk of the Supreme Court for the said County, the said Court being a Court of Record having a seal, do hereby certify that Edward Van Ingen, before and by whom the foregoing acknowledgment was taken, was at the time of taking the same a Notary Public residing in said County, and was duly authorized by the laws of the said State to take and certify acknowledgments or proofs of deeds of land in said State, and that said conveyance and the said acknowledgment thereof are in due form of law, and that said deed is executed and acknowledged according to the law of the State of New York. And, further, that I am well acquainted with the handwriting of said Edward Van Ingen, Notary Public, and that I verily believe the signature to said certificate of acknowledgment is genuine.

In Witness Whereof, I have hereunto set my hand and affixed the seal of the said Court and County the 26th day of January, 1898.

WM. SOHMER,
Clerk.

State of New York,)
City and County of New York,) ss.

I, EDWARD VAN INGEN, a Notary Public in and for the State and County aforesaid, do hereby certify that Louis Fitzgerald and Alvin W. Krech, named in, and whose names are signed to the foregoing deed of conveyance or writing above, bearing date on the 22d day of January, 1898 and who are personally known to me and known to me to be the same persons who executed the same, have this day personally appeared before me the subscriber, and have severally acknowledged the same before me in my State and County aforesaid to be their act and deed, and severally duly acknowledge that they executed the same as their free and voluntary act and deed for the uses, considerations and purposes therein expressed and mentioned, to the end that the same might be recorded as such.

Given under my hand and official seal this 26th day of January, in the year one thousand eight hundred and ninety-eight. My commission expires March 30th, 1899.

[SEAL.]

EDWARD VAN INGEN,
Notary Public for the City and County of New
York, State of New York.

State of New York,) ss.
County of New York,)

I, WILLIAM SOHMER, Clerk of the County of New York, and also Clerk of the Supreme Court for the said County, the said Court being a Court of Record having a seal, do hereby certify that Edward Van Ingen, before and by whom the foregoing acknowledgment was taken, was at the time of taking the same a Notary Public residing in said County, and was duly authorized by the laws of the said State to take and certify acknowledgments or proofs of deeds of land in said State, and that said conveyance and the said acknowledgment thereof are in due form of law, and that said deed is executed and acknowledged according to the law of the State of New York. And, further, that I am well acquainted with the handwriting of said Edward Van Ingen, Notary Public, and that I verily believe the signature to said certificate of acknowledgment is genuine.

In Witness Whereof, I have hereunto set my hand and affixed the seal of the said Court and County the 26th day of January, 1898.

[SEAL.]

WM. SOHMER,
Clerk.

STATE OF NEW YORK,)
City and County of New York,) ss.

I, EDWARD VAN INGEN, Notary Public in and for the said city and county, in the State aforesaid, duly commissioned and sworn as such officer, do hereby certify that there personally appeared before me Horace G. Burt, the President, and Alex. Millar, the Secretary, of Union Pacific Railroad Company, party of the sixth part in the foregoing Indenture, personally known to me to be such president and secretary respectively, and personally known to me and known to me to be the same persons whose names are signed to the foregoing instrument, and they severally acknowledged to me that they signed, sealed and acknowledged the same as their own free and voluntary act and deed, and as the free and voluntary act and deed of the said company. And the said Horace G. Burt and Alex. Millar also made oath and said that they know the corporate seal of the said company; that the seal affixed to the foregoing instrument is the corporate seal of said company, and that it was so affixed by order of the Board of Directors of the said company, and that the said Horace G. Burt signed the name of said company and his own name thereto as president, and the said Alex. Millar signed his name thereto as secretary, by like order of said Board of Directors; and that the said instrument was signed, sealed and acknowledged for the uses and purposes therein set forth, and to the end that the same might be duly recorded.

Given under my hand and official seal this 25th day of January, A. D. 1898. My commission expires March 30th, 1899.

[SEAL.]

EDWARD VAN INGEN,
Notary Public for the City and County of New
York, State of New York.

STATE OF NEW YORK,)
County of New York,) ss.:

I, WILLIAM SOHMER, Clerk of the County of New York, and also Clerk of the Supreme Court for the said County, the said Court being a Court of Record having a seal, Do Hereby Certify that Edward Van Ingen, before and by whom the foregoing acknowledgment was taken, was at the time of taking the same a Notary Public residing in said County, and was duly authorized by the laws of the said State to take and certify acknowledgments or proofs of deeds of land in said State, and that said conveyance and the said acknowledgment thereof are in due form of law, and that said deed is executed and acknowledged according to the law of the State of New York. And, further, that I am well acquainted with the handwriting of said Edward Van Ingen, Notary Public, and that I verily believe the signature to said certificate of acknowledgment is genuine.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of the said Court and County the 26th day of January, 1898.

[SEAL.]

WM. SOHMER,
Clerk.

CIRCUIT COURT OF THE UNITED STATES,
District of Nebraska.

F. Gordon Dexter and Oliver Ames,
Trustees, Complainants,
vs.
The Union Pacific Railway Company
et al., Defendants.

ORDER.

Upon reading the second report of William D. Cornish, Special Master appointed to make the sale under the decree of foreclosure herein, which report relates to the payment to the Special Master by Louis Fitzgerald and Alvin W. Krech, Purchasing Trustees, of the full sum of \$50,637,435, the purchase price for the property sold under the decree herein on the 2nd day of November, 1897, as provided by said decree and the order of court confirming the said sale entered herein and relating further to the assignment by said Louis Fitzgerald and Alvin W. Krech, Purchasing Trustees, of their said bid for said property and their rights thereunder, to Union Pacific Railroad Company, a corporation organized under the laws of the State of Utah, and to the execution and delivery by said Special Master and by The Union Pacific Railway Company and by S.H.H. Clark, Oliver W. Mink, E. Ellery Anderson, Frederic R. Coudert and John W. Doane, Receivers herein, and by F. Gordon Dexter and Oliver Ames, as Trustees, complainants herein, and by Purchasing Trustees, to said Union Pacific Railroad Company of the deed of conveyance of the property sold herein as provided in said decree and which report is dated January 27th, 1898, and it appearing that the several parties in interest have consented to the confirmation of said report as appears by the stipulation of said parties attached thereto, it is

ORDERED that the said report be filed herewith and that said report and the action of the Special Master therein reported be and the same is in all things hereby approved and confirmed.

Dated, January 31, 1898.

Walter H. Sanborn,
Circuit Judge.

THE UNITED STATES OF AMERICA }

ss.

District of Nebraska.

I, Oscar B. Hillis, Clerk of the Circuit Court of the United States for the District of Nebraska, do hereby certify that the above and foregoing is a true copy of an order entered upon the journal of the proceedings of said Court in the cause therein entitled; that I have compared the same with the original entry of said order and it is a true transcript therefrom and of the whole thereof.

Witness my official signature and the seal of said Court at Omaha, in said District, this Fifth day of February, 1898.

SEAL

Signed, Oscar B. Hillis,
Clerk.

THE COLORADO AND SOUTHERN RAILWAY COMPANY

RECORD OF MAJOR MAIN TRACK ABANDONMENTS FROM DATE OF PURCHASE, DECEMBER 28, 1898, TO DATE.

Abandonment		Valuation Section	Mile Post		Main Trk. Miles	Date Removed	AFE Number	Finance Docket	Date Effective
From	To		From	To					
* Como	King		0.00	2.71	2.71	1899		(a)	
Allen Bond Spur			0.00	3.24	3.24	1902		"	
Pels	Vasquez		234.88	251.67	16.79	1902		"	
Catskill	Newton		239.25	248.02	8.77	1902		"	
Bellevue	Stout		6.80	9.70	2.90	1905		"	
Longs Jct.	Pels		219.18	234.88	15.70	1908		"	
Bellevue	Stout		2.79	6.80	4.01	1909		"	
Lowery Quarry Spur			0.00	2.81	2.81	1914		"	
* South Platte	Night Hawk		0.00	4.28	4.28	1916		"	
Falcon	Pueblo	Colo. 6	93.00	115.70	22.70	12-31-17	2719	"	
Falcon	Pueblo	Colo. 8	115.70	121.60	5.90	12-31-17	2719	"	
Bellevue	Stout		0.00	2.79	2.79	5-15-18		"	
Falcon	Pueblo	Colo. 6	89.76	93.00	3.24	12-31-18	3029	"	
Falcon	Pueblo	Colo. 6	74.25	75.86	1.61	12-31-18	3029	"	
Falcon	Pueblo	Colo. 6	75.86	89.76	13.90	4-14-19	3257	"	
* Lakeland	Morrison	Colo. 14-A	9.76	10.17	0.41	4-21-19	3046	"	
Falcon	Pueblo	Colo. 8	121.60	122.63	1.03	12-11-19	3265	"	
Semper	Webb	Colo. 4	15.30	16.02	0.72	8-25-22	4190	(d)	
* Garos	Macune	Colo. 14	104.99	107.77	2.78	10-21-22	4787	(c)	
* Garos	Macune	Colo. 14-C	107.77	132.37	24.60	10-21-22	4634	(b)	
* Hancock	Quartz	Colo. 15-A	160.55	173.77	13.22	9-17-23	4992	"	
* Parlin	Gunnison	Colo. 16-A	191.99	203.29	11.30	9-17-23	4991	"	
Longs Jct.	Pels	Colo. 10-D	218.61	219.18	0.57	9-17-24	5378	(c)	
Beshoar Jct.	Grey Creek	Colo. 12-A	0.59	7.85	7.26	2-10-25	5363	"	
Dixon Spur		Colo. 1	0.59	1.32	0.73	2-19-25	5445	"	
Wilds	Arkins	Colo. 1-B	5.53	7.79	2.26	8-31-26	5995	"	
Dixon Spur		Colo. 1	0.00	0.59	0.59	9-21-26	6341	"	
* Macune	Buena Vista	Colo. 15	132.37	135.98	3.61	11-15-26	6339	1572	3-13-24
* Macune	Hancock	Colo. 15	133.41	160.55	27.14	11-15-26	6339	1572	3-13-24
Semper	Webb	Colo. 4	8.06	15.30	7.24	11-11-27	6732	(d)	
Beshoar Jct.	Grey Creek	Colo. 12-A	0.00	0.59	0.59	12-23-27	7174	(c)	
* Central City	Black Hawk	Colo. 13-A	39.98	40.44	0.46	11-15-28	7561	"	
Falcon	Pueblo	Colo. 6	74.05	74.25	0.20	10-21-30	8585	"	

Beshoar Jct.	Grey Creek	Colo. 12-A	0.00	0.59	0.59	12-23-27	7174	(c)		
* Central City	Black Hawk	Colo. 13-A	39.98	40.44	0.46	11-15-28	7561	"		
Falcon	Pueblo	Colo. 6	74.05	74.25	0.20	10-21-30	8585	"		
Bellevue Jct.	Ingleside	Colo. 1-D	87.11	89.35	2.24	7-21-31	8814	8749	6- 8-31	5-28-31
* Central City	Black Hawk	Colo. 13-A	36.41	39.98	3.57	7-29-31	8815	8748	6- 9-31	5-28-31
Crown Mine	Boulder	Colo. 3	21.89	29.49	7.60	6-15-32	9079	8760	4-15-32	11-25-32
* Lakeland	Morrison	Colo. 14-A	3.45	9.76	6.31	6- 6-34	9506	10107	10-26-33	10- 3-34
* Quartz	Parlin	Colo. 16	173.77	191.99	18.22	7-26-34	9505	9135	6- 8-34	10- 3-34
Superior	Crown Mine	Colo. 3	20.62	22.21	1.59	6-17-36	9910	(c)		
Connors	Falcon	Colo. 6	9.50	74.05	64.55	12-14-36	9913	10912	7- 4-36	1-23-37
Wilds	Arkins	Colo. 1-B	5.10	5.53	0.43	4- 7-37	10076	(c)		
Forbes Jct.	Chicosa Jct.	Colo. 11	0.52	1.17	0.65	8-15-37	10140	11467	4-10-37	By D&RGW
* Gunnison	Baldwin	Colo. 17	203.29	221.11	17.82	8-25-37	10108	11663	8-13-37	By D&RGW
* Kubler Branch		Colo. 17	218.67	220.23	1.56	8-25-37	10108	11663	8-13-37	By D&RGW
Pels	Longs Jct.	Colo. 10-D	218.47	218.61	0.14	6-13-38	10184	(c)		
* South Platte	Alma	Colo. 14	29.68	119.97	90.29	10-29-38	10134	7132	4-12-37	11- 7-38
* Hill Top	Leavick	Colo. 14-B	0.00	11.33	11.33	6-15-38	10134	7132	4-12-37	11- 7-38
* Como	Climax	Colo. 18	88.29	137.27	48.98	9-10-38	10134	7132	4-12-37	11- 7-38
Leadville Terminals		Colo. 18	151.33	152.10	0.77	6-15-38	10134	7132	4-12-37	11- 7-38
Leadville Mineral Belt		Colo. 18	0.00	2.12	2.12	6-13-38	10134	7132	4-12-37	11- 7-38
* Dickey	Keystone	Colo. 18-A	116.42	123.26	6.84	7-27-38	10134	7132	4-12-37	11- 7-38
Superior	Crown Mine	Colo. 3	20.13	20.62	0.49	9-16-38	10234	(c)		
Connors	Falcon	Colo. 6	8.51	9.50	0.99	12-23-38	10216	10912	7- 4-36	
* Idaho Springs	Silver Plume	Colo. 13	38.21	55.09	16.88	3-21-39	10276	11114	1-31-39	3-23-39
Ludlow	Bear Canon Mine	Colo. 10-C	203.36	203.96	0.60	7-14-39	10252	(c)		
Trinidad	Longs Jct.	Colo. 10-D	213.05	218.61	5.56	7-15-40	10220	11936	6-12-38	8-19-40
Aguilar	Brodhead Mine	Colo. 10-A,B,E	193.17	195.52	2.35	6- 7-41	10474	12769	12- 2-40	6-27-41
* Golden	Idaho Springs	Colo. 13	16.26	38.21	21.95	7- 8-41	10531	12817	5-5-41	7-23-41
* Forks Creek	Black Hawk	Colo. 13-A	28.71	36.46	7.75	6-19-41	10531	12817	5-5-41	7-23-41
* Sheridan Jct.	Lakeland	Colo. 14-A	0.00	3.45	3.45	9-30-38	10236	(c)		
* Waterton	Silica	Colo. 14	20.30	24.19	3.89	11-27-41	10588	13430	10-29-41	1-14-42
* Chatfield	South Platte	Colo. 14	14.18	29.68	15.50	11-25-42	10687	13920	10-31-42	1-30-43
Golden Terminals		Colo. 13	15.91	16.26	0.35	6-25-42	10644 (c)	(c)		
* Leadville Terminals		Colo. 18	151.33	151.27	0.07	12-31-43	10686	(c)		
Ludlow	Bear Canon Mine	Colo. 10-C	203.27	203.36	0.09	8-18-45	11052	(c)		
Coalton	Superior	Colo. 1	16.58	20.13	3.55	8-30-47	11156	15475	8- 4-47	10-18-47
Golden Terminals		Colo. 13	15.86	15.92	0.06	12-31-47	11173 (E)	(c)		
Denver Terminals		Colo. 5	3.91	4.05	0.14	6-28-46	10257	(e)		
Denver	Golden	Colo. 13	2.60	4.15	1.55	7-28-49	11347	16388	5-27-49	9-19-49
Sheridan	Chatfield	Colo. 14	7.68	14.18	6.50	4-28-50	11505	16856	3-31-50	5-15-50
Louisville	Lafayette	Colo. 2-A	20.39	22.56	2.17	8-15-51	11612	17325	6-28-51	8-24-51
Acme Jct.	Aguilar	Colo. 10-A	191.28	193.16	1.88	9-17-52	11706	17767	7-17-52	12- 4-52
Ludlow	Barnes Jct.	Colo. 10	0.09	1.29	1.20	1-18-54	11833	(c)		
Wellington	Waverly	Colo. 1-E	85.32	90.01	4.69	9-15-54	11876	18539	8-13-54	11- 8-54
Ludlow	Bear Canon	Colo. 10-C	198.40	203.26	4.86	6-30-55	11890	18772	3-28-55	7- 5-55
Boulder	Ara	Colo. 3	28.79	30.00	1.21	12-31-58	V03-181	(f)	12-31-58	-
Golden Branch		Colo. 13	4.16	4.86	.70	12-31-58	V03-185	(g)	10- 3-58	-
Denver		Colo. 5	0.27	0.41	.14	12-15-61	12274	(h)	12-15-61	-
Denver		Colo. 5	1.02	1.18	.16	12-15-61	12274	(h)	12-15-61	-
Sheridan Branch		Colo. 14	7.51	7.67	.16	8-15-61	12294	(i)	8-15-61	-
Denver (Jersey Cutoff)		Colo. 5	1.74	2.70	.56	5-15-62	12203	(i)	5-15-62	-

Boulder	Ara	Colo.	3	28.79	30.00	1.21	12-31-58	VO3-181	(i)	12-31-58
Golden Branch		Colo.	13	4.16	4.86	.70	12-31-58	VO3-185	(g)	10- 3-58
Denver		Colo.	5	0.27	0.41	.14	12-15-61	12274	(h)	12-15-61
Denver		Colo.	5	1.02	1.18	.16	12-15-61	12274	(h)	12-15-61
Sheridan Branch		Colo.	14	7.51	7.67	.16	8-15-61	12294	(i)	8-15-61
Denver (Jersey Cutoff)		Colo.	5	1.74	2.30	.56	5-15-62	12203	(j)	5-15-62
Denver (1st Main)		Colo.	5-B	.39	.84	.45	11- 2-62	12446	(k)	11- 2-62
Denver (2nd Main)		Colo.	5-B	.49	1.00	.51	11- 2-62	12446	(k)	11- 2-62
Ayres	Natwick	Wyo.	2	215.72	218.44	2.72	11-11-64	12526	(l)	11-11-64
Denver (West Side Line)		Colo.	5	0.00	.45	.45	12-31-66	12581	(m)	12-31-66
Loveland	Wilds	Colo.	1-b	60.67	65.77	5.10	12-31-69	VO3-198	(f)	12-31-69
Gibson	Ayres	Wyo.	2	211.14	215.72	4.25	12-31-69	VO3-198	(f)	12-31-69
Sibylee	Hightower	Wyo.	2	215.73	222.29	6.56	12-31-69	VO3-198	(f)	12-31-69
Sinnard	Black Hollow	CRR.	1-b	77.35	86.03	8.68	2-17-69	12708	(l)	2-17-69

*Indicates Narrow Gauge Lines (364.92 Miles).

Note: I.C.C. Authority not requested for fol

- (a) Lines removed prior to Transportation
- (b) Lines not operated since Transportatio
- (c) Lines operated as spurs at date of rem
- (d) Lines operated as Intrastate Electric
- (e) Shorten C&S M.L. at end of double Trac
- (f) Transferred to Yard Tracks and Sidings
- (g) Acquired rights to use D&RGW track at
- (h) Acquired rights to use AT&SF track at
- (i) Land needed for West Hampden Freeway.
- (j) Land needed for Valley Highway Constr
- (k) C&S 1/2 interest conveyed to D&RGW.
- (l) Not required per opinion of General Cc
- (m) Land needed for West 6th Avenue Freewa

Office of Assistant Engineer Capital Expenditures
Denver, Colorado. October 11, 1973

1900

ANNUAL REPORT

TO THE

STOCKHOLDERS

OF

THE COLORADO & SOUTHERN RAILWAY COMPANY

FOR

The Fiscal Year Ended June 30, 1900

INCLUDING

A Report for the Period January 1
to June 30, 1899.

1900

THE SMITH-BROOKS PRINTING CO.
DENVER, COLO.

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BOARD OF DIRECTORS.

GRENVILLE M. DODGE	NEW YORK CITY, N. Y.
HENRY BUDGE	NEW YORK CITY, N. Y.
J. KENNEDY TOD	NEW YORK CITY, N. Y.
FREDERIC P. OLCOTT	NEW YORK CITY, N. Y.
LUTHER M. KOUNTZE	NEW YORK CITY, N. Y.
EDWARD J. BERWIND	NEW YORK CITY, N. Y.
EDWARD C. HENDERSON	NEW YORK CITY, N. Y.
OLIVER AMES	BOSTON, MASS.
HARRY WALTERS	BALTIMORE, MD.
NORMAN B. REAM	CHICAGO, ILL.
FRANK TRUMBULL	DENVER, COLO.

OFFICERS.

GRENVILLE M. DODGE	Chairman of the Board	NEW YORK CITY, N. Y.
FRANK TRUMBULL	President and General Manager	DENVER, COLO.
B. L. WINCHELL	Vice-Pres. and Traffic Manager	DENVER, COLO.
HARRY BRONNER	Secretary and Treasurer 28 Broad St.,	NEW YORK CITY, N. Y.
HARRY VANMATER	Ass't Secretary and Ass't Treasurer,	DENVER, COLO.
CARY & WHITRIDGE	General Counsel	NEW YORK CITY, N. Y.
E. E. WHITED	General Solicitor	DENVER, COLO.
A. D. PARKER	General Auditor	DENVER, COLO.
CHARLES DYER	General Superintendent	DENVER, COLO.
H. A. JOHNSON	General Freight Agent	DENVER, COLO.
T. E. FISHER	General Passenger Agent	DENVER, COLO.

MILEAGE.

NORTH AND WEST OF DENVER.	Standard Gauge.	Narrow Gauge.	Total.
Fort Collins District	148.97		148.97
Clear Creek District	13.40	52.09	65.49
Platte Canon District	6.23	91.85	98.08
Leadville District		71.26	71.26
Gunnison District		164.51	164.51
Wyoming District	153.68		153.68
Total	322.28	379.71	701.99
SOUTH OF DENVER.			
Pueblo District	134.05		134.05
Trinidad District	55.00		55.00
New Mexico District	191.86		191.86
Total	380.91		380.91
Leased from the D. & R. G. R. R. Co.	58.65		58.65
Total Mileage	761.84	379.71	1,141.55
Mileage in Colorado	491.29	379.71	871.00
Mileage in Wyoming	153.68		153.68
Mileage in New Mexico	113.87		113.87
Total Mileage	761.84	379.71	1,141.55

Exchange

Exchange

983666

Chy.

DENVER, COLORADO, September 1st, 1900.

To the Stockholders of the Colorado & Southern Railway Company:

This Company took possession and commenced operation of, the following properties at midnight, January 11th, 1899:

THE UNION PACIFIC, DENVER & GULF RAILWAY;

Minus the Julesburg branch sold by the Purchasing Committee to the Union Pacific Railroad Company.

THE DENVER, LEADVILLE & GUNNISON RAILWAY;

embracing 1,141.55 miles of road theretofore operated for about five years by Frank Trumbull, Receiver. To simplify accounting, the income commencing with January 1st, 1899, was recorded on this Company's books, thus avoiding a complicated separation of accounts in the month of January. The Company's by-laws provide that the fiscal year shall end on June 30th, and as the first full fiscal year was therefore not completed until June 30th, 1900, and as settlement of the accounts of the Re-organization Committees was somewhat delayed, this is the first printed report issued by the Company.

The following available assets,—in addition to the road itself, the appurtenant property, and various items, covered by the First Mortgage,—were received from the Purchasing Committees and the Receiver:

Cash and other assets in excess of liabilities	\$1,050,687.71
Material and supplies	291,991.24
C. & S. 1st Mtg. 4% Bonds, par value, \$346,175.45	
C. & S. 1st Preferred Stock, “ “	9,250.90
C. & S. 2nd “ “ “ “	581,450.90
C. & S. Common “ “ “ “	570,018.00
The market value of which on June 30th, 1900, was	423,451.84
	\$1,766,130.79
The Company's interest in telegraph lines was sold January 1st, 1900, to the Western Union Telegraph Company, for	125,000.00
A car trust maturing at the rate of \$3,300.19 per month until May 25th, 1905, was arranged as hereinafter stated, for	198,011.40
The net income for the 18 months ended June 30th, 1900, as shown on page 12, was	369,798.63
	\$2,458,940.82

The amounts expended during the 18 months ended June 30th, 1900, for improvements and new equipment, as shown on pages 26 and 27, were as follows:

Improvements	\$ 268,001.09
New equipment	455,072.69
Other property	29,157.80
Miscellaneous assets added during the period, and included in “Other Securities” on Balance Sheet, amounted to	88,935.33
Carried Forward	\$ 841,166.91

Brought Forward	\$ 841,166.91
The Company's funded debt was reduced in January, 1900, by the purchase of bonds of the par value of \$147,000.00, said purchase having been made out of the proceeds of sale of telegraph lines and in accordance with the terms of the Company's Mortgage. Amount paid ..	
Dividend of 2% on First Preferred Stock, paid February 14th, 1900	124,698.75
Excess of current assets (including Material and Supplies) over current and "deferred" liabilities, on June 30th, 1900, was	170,000.00
	1,323,075.16
	<u>\$2,458,940.82</u>
The gross earnings for the year ended June 30th, 1900, were	
The operating expenses, <i>including Insurance and Rentals</i> , were	\$4,237,742.99
	3,132,851.71
The net earnings over expenses, were	\$1,104,891.28
The taxes, including war revenue tax, were	201,773.22
The surplus over expenses and taxes, was	\$ 903,118.06
The miscellaneous income, was	38,423.02
Total income for the year	<u>\$ 941,541.08</u>

Comparison with previous years cannot be made on account of the transfer of the Julesburg branch of The Union Pacific, Denver & Gulf Railway to the Union Pacific Railroad Company, as before stated.

The net earnings for the year were unfavorably affected by increased prices of all kinds of material, and by interruption of traffic caused by the breaking of the Goose Creek dam of the Denver Union Water Company on the 3rd of May, 1900. This

disaster wrecked a large part of six miles of road between Platte Canon and South Platte stations (twenty and twenty-nine miles, respectively, from Denver) causing suspension until May 28th, of most of the traffic of the Leadville and Gunnison divisions. The immediate and subsequent loss of earnings caused by this suspension was very unfortunate, coming as it did, just at a time when the mines at Leadville and other places were at a maximum of activity.

The following additions to equipment were made during the 18 months ended June 30th, 1900:

160 narrow-gauge coal cars, 40 narrow-gauge box cars. Contracted for by Receiver and paid for January 13th, 1899.

287 standard-gauge coal cars, 50 narrow-gauge stock cars. Received in May and June, 1900.

3 cafe cars (combination dining car and coach).

2 standard-gauge consolidation freight locomotives, 20x26 cylinders, 126,700 lbs. on drivers.

1 standard-gauge consolidation freight locomotive, 20x26 cylinders, 123,000 lbs. on drivers.

3 standard-gauge passenger locomotives, 20x26 cylinders, 119,500 lbs. on drivers.

1 rotary snow-plow.

It has seemed inexpedient thus far to dispose of any of the securities in the treasury, and as it was desirable, for prudential reasons, to maintain the cash resources of the Company at as high a level as possible, a car trust was arranged for the 287 standard-gauge coal cars and the 50 narrow-gauge stock cars above referred to. As these cars were received so late in the fiscal year, the whole amount of the deferred payments, as well

as the cash payment, (20% of principal) was charged to New Equipment Account. That portion of the deferred payments which represents interest, will be charged off from year to year hereafter, against Income, until the maturity of the last car trust note, May 25th, 1905.

The locomotives were paid for in cash, two of the six having been paid for out of Equipment Renewal Fund. In addition to the above items, other equipment was contracted for during the fiscal year, as follows:

- 5 standard-gauge consolidation freight locomotives, 21x28 cylinders, 148,000 lbs. on drivers.
- 2 standard-gauge first class coaches.
- 8 standard-gauge excursion coaches.
- 3 narrow-gauge first class coaches.

This equipment has all been received and settled for since the close of the fiscal year, the locomotives in cash and the passenger coaches by car trust similar to that above mentioned.

All the locomotives and cars taken over by the Company from the Receiver, were carefully inventoried January 11th, 1899, and the value thus ascertained was spread upon the books by the General Auditor. Since that time, equipment destroyed, or otherwise retired from service, has been charged to Operating Expenses at the inventory value, and "Equipment Renewal Fund" has been correspondingly credited. Replacements of vacant equipment are charged against this fund, thus keeping values intact in the accounts.

Statements showing number of locomotives and cars, also capacity of freight cars on June 30th, 1900, will be found on pages 23, 24 and 25.

The requirements of the Interstate Commerce Act, concerning automatic couplers and air-brakes, have been complied with, and the cost of this work has been charged to Operating Expenses.

The Company has had no general shops of its own, but thought it wise to continue the arrangement previously made by the Receiver for use of the Denver shops of the Union Pacific Railroad Company. Under the terms of the lease either company could cancel the same by giving nine months' notice. On December 26th, 1899, the Union Pacific Company having arranged a lease to The Pullman Company of the plant referred to, served notice upon this Company to vacate not later than January 1st, 1901. The erection of complete new general shops by this Company was thus made imperative, and construction was commenced in the spring of 1900. It is expected that the new plant will be ready for occupation by November 15th, 1900, and as it will be admirably located upon ground previously owned by the Company adjacent to the Denver freight yards, and not far from the freight station, Union Depot, and transfers to connecting lines, considerable economies in repairs and other operations are confidently expected. The amount appropriated by the Board of Directors for this work is \$350,000.00, and while the necessity for this construction came at an inopportune time, so far as prices of material and machinery were concerned, yet it is a matter for congratulation that The Pullman Company is to inaugurate extensive work in Denver, and the return on this Company's new investment should prove very satisfactory on account of the saving in rental, as well as on account of the economy of modern machinery and favorably located buildings and tracks.

For more detailed information, reference is made to the exhibits of the General Auditor, annexed.

The accounts of the Company have been verified by the Audit Company of New York, whose certificate appears on page 29, and whose representatives have particularly examined into the correctness of all charges to Capital Accounts.

Acknowledgment is made with pleasure of the very satisfactory relations between your officers and employes.

FRANK TRUMBULL,
President.

REPORT OF THE GENERAL AUDITOR.

DENVER, COLORADO, August 31, 1900.

MR. FRANK TRUMBULL,

President.

DEAR SIR:—I present herewith my report of the financial condition of the Company, June 30th, 1900, Statements of the Earnings and Expenses and the Income Account for the period January 1st to June 30th, 1899, and for the fiscal year ended June 30th, 1900, the General Balance Sheet, June 30th, 1900, and various tabular statements exhibiting in detail statistical information for the same periods.

Very respectfully,

A. D. PARKER,

General Auditor.

EARNINGS AND EXPENSES.

	1899-1900.	Per cent. of Total Earnings.	January 1 to June 30, 1899.	Per cent. of Total Earnings.
EARNINGS.				
Freight	\$3,216,917 51	75.91	\$1,432,955 55	79.40
Passenger	811,835 05	19.16	269,794 06	14.95
Express, Mail and Miscella- neous	208,990 43	4.93	101,757 18	5.65
Total Earnings	\$4,237,742 99	100 00	\$1,804,506 79	100.00
EXPENSES.				
Maintenance of Way and Structures	\$ 532,205 49	12.56	\$ 238,121 33	13.20
Maintenance of Equipment ..	605,871 54	14.30	258,329 70	14.31
Conducting Transportation ..	1,838,492 42	43.38	730,462 73	40.48
General	156,282 26	3.69	76,894 53	4.26
Total Expenses	\$3,132,851 71	73.93	\$1,303,808 29	72.25
Net Earnings	\$1,104,891 28	26.07	\$ 500,698 50	27.75
Taxes	197,923 00	4.67	98,450 29	5.46
Surplus over Expenses and Taxes	\$ 906,968 28	21.40	\$ 402,248 21	22.29
PER MILE OF ROAD.				
	1899-1900.		January 1 to June 30, 1899.	
Average Number of Miles of Road Operated (includ- ing lease from D. & R. G.)	1,141.55		1,141.55	
Gross Earnings per Mile of Road	3,712.27		1,580.74	
Operating Expenses per Mile of Road	2,744.39		1,142.13	
Net Earnings (not deducting Taxes) per Mile of Road ..	967.88		438.61	
Taxes per Mile of Road	173.38		86.24	
Surplus over Expenses and Taxes per Mile of Road ..	794.50		352.37	

INCOME ACCOUNT

FOR THE PERIOD JANUARY 1 TO JUNE 30, 1899.

Gross Earnings	\$ 1,804,506 79	
Operating Expenses	1,303,808 29	
Net Earnings	\$ 500,698 50	
<i>Add</i>		
Income from Investments	\$ 9,000 00	
Interest on Deposits	6,354 08	
Insurance Commissions	622 08	15,976 16
Total	\$ 516,674 66	
<i>Less</i>		
Interest on Bonds	\$291,666 66	
Taxes	98,450 29	
War Revenue Tax	2,103 49	392,220 44
Net Income to June 30, 1899		\$124,454 22

FOR THE FISCAL YEAR ENDED JUNE 30, 1900.

Gross Earnings	\$4,237,742 99	
Operating Expenses	3,132,851 71	
Net Earnings	\$1,104,891 28	
<i>Add</i>		
Income from Investments	\$ 22,834 00	
Interest on Deposits	14,017 34	
Insurance Commissions	1,541 68	38,423 02
Total	\$1,143,314 30	
<i>Less</i>		
Interest on Bonds	\$696,196 67	
Taxes	197,923 00	
War Revenue Tax	3,850 22	897,969 89
Net Income Year Ending June 30, 1900		245,344 41
Total Net Income January 1, 1899, to June 30, 1900		\$369,798 63
<i>Less</i>		
Dividend on the First Preferred Capital Stock (2%)		170,000 00
Surplus carried to credit of Profit and Loss		\$199,798 63

BALANCE SHEET JUNE 30, 1900.

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ASSETS.			LIABILITIES.		
Cost of Road and Equipment		\$63,571,405 76	Capital Stock, Common	\$31,000,000 00	
Improvements		268,001 09	Capital Stock, 1st Preferred	8,500,000 00	
New Equipment		455,072 69	Capital Stock, 2nd Preferred	8,500,000 00	\$48,000,000 00
CURRENT ASSETS.			First Mortgage Bonds		17,603,000 00
Cash	\$1,500,362 24		Car Trust Notes		198,011 40
Individuals and Companies	168,495 91		CURRENT LIABILITIES.		
Agents and Conductors ...	67,403 17		Vouchers	\$306,496 47	
U. S. Government	19,041 30		Pay Rolls	202,713 23	
Colorado State Warrants ..	706 45		Foreign Roads	178,134 97	
Insurance Paid in Advance ..	6,098 46		Employees Deposits	1,509 55	
C. & S. 1st Mortgage Bonds ..	292,518 26		Coupons 1st Mort. Bonds ..	6,960 00	
C. & S. 1st Preferred Stock ..	3,700 36		Dividends Unpaid	592 00	\$ 696,406 22
C. & S. 2nd Preferred Stock ..	93,032 14		DEFERRED LIABILITIES.		
C. & S. Common Stock	34,201 08	\$2,185,559 37	Accrued Taxes	\$186,481 77	
MATERIAL AND SUPPLIES	338,576 40	2,524,135 77	Accrued Interest not yet due	287,683 33	
OTHER ASSETS.			Insurance on Property not yet replaced	4,162 02	
Denver U. D. & Ry. Co. Capital Stock ..	80,000 00		Rails Released not Relaid ..	5,531 84	
Pueblo U. D. & R. R. Co. Capital Stock ..	8,120 00		Equipment Renewal Fund ..	20,795 43	504,654 39
Pueblo U. D. & R. R. Co. Sinking Fund ..	8,000 00				1,201,060 61
Other Securities	287,135 33	383,255 33	Balance to Credit of Profit and Loss...		199,798 63
		\$67,201,870 64			\$67,201,870 64

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DETAILED STATEMENT OF EXPENSES

FOR THE FISCAL YEAR ENDED JUNE 30, 1900, AND FOR THE
PERIOD JANUARY 1 TO JUNE 30, 1899.

MAINTENANCE OF WAY AND STRUCTURES.	1899 1900.	January 1 to June 30, 1899.
Superintendence.....	\$ 20,145 99	\$ 7,024 99
Frogs and Switches.....	7,461 11	2,520 97
Protection of River Banks.....	2,424 09	1,993 23
Repairs Road Bed and Tracks, Tools, etc.....	246,531 95	97,337 69
Repairs of Snow Sheds and Fences.....	1,096 91	616 62
Spikes and Track Fastenings.....	9,853 45	4,037 47
Expense Washouts, Removing Snow and Ice.....	34,895 50	35,716 61
Renewal of Rail.....	9,820 89	1,882 73
Renewal of Ties.....	97,588 23	53,987 47
Repairs and Renewals of Bridges and Culverts.....	36,028 58	16,239 45
Repairs and Renewals of Fences, Crossings, Cattle Guards.....	12,915 46	2,357 49
Repairs and Renewals of Buildings and Fixtures.....	46,525 34	11,360 02
Repairs and Renewals of Telegraph.....	6,041 59	2,569 10
Stationery and Printing.....	876 40	477 49
TOTAL.....	\$ 532,205 49	\$ 238,121 33
MAINTENANCE OF EQUIPMENT.	1899 1900.	January 1 to June 30, 1899.
Superintendence.....	\$ 19,709 47	\$ 9,380 26
Repairs and Renewals of Locomotives.....	299,690 48	120,596 29
Repairs and Renewals of Passenger Cars.....	34,282 96	16,420 75
Repairs and Renewals of Sleeping Cars.....	562 35	29 79
Repairs and Renewals of Freight Cars.....	148,813 05	66,200 93
Inspection of Freight Cars.....	28,885 96	13,202 33
Repairs and Renewals of Work Cars.....	10,828 69	6,268 86
Repairs and Renewals of Shop Machinery and Tools.....	26,361 94	9,867 98
Stationery and Printing.....	1,426 74	885 76
Other Expenses.....	36,434 60	15,536 33
TOTAL.....	\$ 605,871 54	\$ 258,329 70
CONDUCTING TRANSPORTATION. Transportation.	1899 1900.	January 1 to June 30, 1899.
Superintendence.....	\$ 36,968 83	\$ 18,828 51
Engineers and Firemen.....	355,688 42	134,331 32
Hostlers and Round-House Men.....	70,661 09	33,146 14
Fuel for Locomotives.....	316,028 77	119,579 85
Water for Locomotives.....	29,753 69	11,615 94
Oil, Tallow and Waste for Locomotives.....	16,527 82	8,166 73
All Other Supplies for Locomotives.....	8,754 36	3,001 79
Train Service.....	248,284 75	92,612 95
Oil, Tallow and Waste for Trains.....	7,238 57	4,181 59
Cleaning Cars.....	12,240 92	5,209 23
Contingent Expenses Account Washouts, etc.....	2,269 02	361 96
All Other Train Supplies.....	15,193 32	4,737 75
Carried Forward.....	\$1,119,009 56	\$ 435,773 76

DETAILED STATEMENT OF EXPENSES—CONTINUED.

CONDUCTING TRANSPORTATION. Transportation—Continued.	1899-1900.	January 1 to June 30, 1899.
Brought Forward	\$1,119,609 56	\$ 435,773 76
Switchmen, Flagmen and Watchmen	112,472 22	47,640 99
Telegraph Expense	62,717 54	25,941 91
Station Service	154,071 80	62,177 52
Station Supplies	8,479 32	3,616 17
Switching Charges	13,366 49	821 24
Car Mileage	61,968 40	20,747 76
Hire of Equipment	23,068 89	1,710 79
Loss and Damage—Baggage	52 74	—
Loss and Damage—Freight	11,664 09	4,251 91
Loss and Damage—Property	2,155 65	2,105 25
Loss and Damage—Stock Killed	10,484 75	1,624 60
Injury to Persons	3,512 91	2,588 32
Clearing Wrecks	8,527 54	2,449 59
Rents for Tracks, Yards and Terminals	85,844 43	34,493 91
Rents for Buildings and Other Property	6,376 72	2,716 91
Stationery and Printing	10,340 03	6,694 41
TOTAL	\$1,694,713 08	\$ 655,355 04
CONDUCTING TRANSPORTATION. Traffic.	1899-1900.	January 1 to June 30, 1899.
Superintendence—Freight	\$ 30,753 91	\$ 16,633 20
Superintendence—Passenger	12,043 70	6,074 33
Advertising—Passenger	34,052 77	16,495 88
Outside Agencies—Freight	22,035 35	11,852 76
Outside Agencies—Passenger	18,024 99	7,615 29
Traffic Associations—Freight	14,913 22	6,905 15
Traffic Associations—Passenger	770 50	172 00
Commissions—Passenger	2,466 08	1,528 33
Stationery and Printing—Freight	4,850 87	2,595 97
Stationery and Printing—Passenger	3,867 95	5,234 78
TOTAL	\$ 143,779 34	\$ 75,107 69
TOTAL CONDUCTING TRANSPORTATION	\$1,838,492 42	\$ 730,462 73
GENERAL EXPENSES.	1899-1900.	January 1 to June 30, 1899.
Salaries of General Officers	\$ 41,249 76	\$ 20,999 88
Salaries of Clerks and Attendants	54,217 16	26,629 43
General Office Expenses and Supplies	13,610 48	8,333 42
Insurance	11,986 82	4,817 70
Law Expenses	26,002 69	12,197 26
Stationery and Printing	3,494 97	2,604 84
Other Expenses	5,720 38	1,312 00
TOTAL	\$ 156,282 26	\$ 76,894 53
TOTAL OF OPERATING EXPENSES	\$3,132,851 71	\$1,303,808 29

STATEMENT OF BETTERMENTS

Charged to Operating Expenses,

FOR THE PERIOD JANUARY 1 TO JUNE 30, 1899.

Description.	Amount.	Total.
NEW SPURS AND SIDINGS AND RE- ARRANGEMENT OF YARDS (items under \$1,000.00 each).....		\$ 5,991 66
REPLACING RAIL.		
Total charged to Account Renewal of Rail	\$ 1,882 73	
Less amount for Rail in New Spurs and Sidings....	614 60	1,268 13
NEW FENCING.		
Fort Collins District, 3.49 track miles		763 06
STRUCTURES.		
New Buildings, Stock Yards, etc.		520 79
BETTERMENTS TO EQUIPMENT AND MA- CHINERY.		
Locomotives	\$ 3,560 45	
Freight Cars	7,959 32	
Passenger Cars	1,158 14	
Machinery	590 43	13,268 34
Total		\$21,811 98

FOR THE YEAR ENDED JUNE 30, 1900.

Description.	Amount.	Total.
NEW SPURS AND SIDINGS AND RE- ARRANGEMENT OF YARDS (items under \$1,000.00 each).....		\$ 6,422 40
REPLACING RAIL.		
Total charged to Account Renewal of Rail	\$ 9,820 89	
Less amount for Rail in New Spurs and Sidings....	892 30	8,928 59
NEW FENCING.		
New Mexico District, 8.36 track miles		1,968 79
STRUCTURES.		
New Buildings, Stock Yards, etc.	\$ 3,533 18	
Water Stations	2,024 61	5,557 79
BETTERMENTS TO EQUIPMENT.		
Locomotives	\$14,039 93	
Freight Cars	9,344 64	
Passenger Cars	777 73	24,162 30
Total		\$47,039 87

OPERATING AND TRAFFIC STATISTICS.

FREIGHT.	1899-1900.	January 1 to June 30, 1899.
Number of Revenue Tons of Freight Carried	2,564,547	1,092,791
Number of Revenue Tons Carried One Mile	258,943,438	112,207,129
Tons One Mile per Mile of Road (Density)	226,835	98,294
Average Miles Hauled	101	103
Freight Train Mileage	1,697,731	723,696
Freight Car Mileage	27,551,174	12,609,381
Loaded Freight Car Mileage, Per Cent.	66.18	66.60
Empty Freight Car Mileage, Per Cent.	33.82	33.40
Revenue Tons per Car	9.40	8.90
Revenue Tons per Loaded Car	14.20	13.36
Revenue Tons per Freight Train—		
Standard Gauge Average	175.35	---
Narrow Gauge Average	76.54	---
Total Average	152.52	155.05
Freight Rate per Ton per Mile	Cts. 1.242	Cts. 1.277
Freight Earnings per Freight Train Mile	\$1.89	\$1.98
PASSENGER.		
Number of Revenue Passengers Carried	605,065	213,834
Number of Revenue Passengers Carried One Mile ..	27,102,650	9,329,955
Passengers One Mile Per Mile of Road (Density) ...	23,742	8,173
Average Miles Hauled	45	44
Passenger Train Mileage	861,496	359,732
Passenger Car Mileage	4,044,215	1,456,235
Cars per Passenger Train	4.69	4.05
Revenue Passengers per Train	31.46	25.94
Average Rate per Passenger per Mile	Cts. 2.995	Cts. 2.881
Passenger Earnings per Passenger Train Mile	\$0.94	\$0.75
Passenger Earnings including Mail and Express per Passenger Train Mile	1.13	0.94

TRAFFIC STATISTICS

FOR THE PERIOD JANUARY 1 TO JUNE 30, 1899.

COMMODITY.		FREIGHT ORIGINATING ON COLORADO & SOUTHERN RY.		FREIGHT ORIGINATING ON OTHER ROADS.		TOTAL.		TOTAL.	
		Tons.	Revenue.	Tons.	Revenue.	Tons.	Per Cent.	Revenue.	Per Cent.
PRODUCTS OF AGRICULTURE.	Grain	27,627	\$ 49,770 62	16,399	\$ 28,812 89	44,026	4.03	\$ 78,583 51	5.48
	Flour	24,078	57,459 10	523	1,055 01	24,601	2.25	58,514 11	4.08
	Other Mill Products	5,294	10,516 99	359	556 15	5,653	.52	11,073 14	.77
	Hay	8,887	21,869 66	703	829 95	9,590	.88	22,699 61	1.58
	Tobacco								
	Cotton								
	Fruits and Vegetables	1,481	5,025 26	601	1,420 27	2,082	.19	6,445 53	.45
PRODUCTS OF ANIMALS.	Potatoes	11,612	35,295 86	2,600	6,849 85	14,212	1.30	42,145 71	2.94
	Live Stock	16,184	15,750 96	20,327	62,613 35	36,511	3.34	78,364 31	5.47
	Dressed Meats	121	402 62	24	54 32	145	.01	456 94	.03
	Other Packing House Products	138	419 44	38	30 58	176	.02	450 02	.03
	Poultry, Game and Fish	34	121 31	35	148 40	69	.01	269 71	.02
	Wool	792	3,729 91	1,809	1,353 42	2,601	.24	5,083 33	.35
	Hides and Leather	254	1,185 64			254	.02	1,185 64	.08
PRODUCTS OF MINES.	Anthracite Coal								
	Bituminous Coal	284,349	313,214 14	4,541	5,599 94	288,890	26.43	318,814 08	22.25
	Lignite Coal	197,422	165,588 27	2,812	3,924 97	200,234	18.32	169,513 24	11.83
	Coke	85,970	76,278 71	5,789	2,981 46	91,759	8.40	79,260 17	5.53
	Ore	63,548	101,147 78	112,088	66,878 80	175,636	16.07	168,026 58	11.73
PRODUCTS OF FOREST.	Stone	29,896	19,106 61	448	479 98	30,344	2.78	19,586 59	1.37
	Lumber	39,596	59,877 58	10,027	14,116 92	49,623	4.54	73,994 50	5.16
	Charcoal	49	116 27			49	.01	116 27	.01

TRAFFIC STATISTICS—CONTINUED

FOR THE PERIOD JANUARY 1 TO JUNE 30, 1899.

COMMODITY.		FREIGHT ORIGINATING ON COLORADO & SOUTHERN RY.		FREIGHT ORIGINATING ON OTHER ROADS.		TOTAL.		TOTAL.	
		Tons.	Revenue.	Tons.	Revenue.	Tons.	Per Cent.	Revenue.	Per Cent.
MANUFACTURE.	Petroleum and Other								
	Oils -----	633	\$ 2,329 12	333	\$ 749 05	966	.09	\$ 3,078 17	.22
	Sugar -----	149	656 22	535	1,207 85	684	.06	1,864 07	.13
	Naval Stores -----								
	Iron, Pig and Bloom.	472	510 93	337	635 77	809	.07	1 146 70	.08
	Iron and Steel Rails	6,857	7,308 65		18 12	6,857	.63	7,326 77	.51
	Other Castings and								
	Machinery -----	2,989	8,932 04	3,668	10,720 10	6,657	.61	19,652 14	1.37
	Bar and Sheet Metal.	820	2,449 04	1,770	4,745 12	2,590	.24	7,194 16	.50
	Cement, Brick and								
	Lime -----	6,827	6,951 57	2,268	2,905 79	9,095	.83	9,857 36	.69
	Agricultural Impl'ts	104	309 07	1,451	3,411 51	1,555	.14	3,720 58	.26
	Wagons, Carriages,								
	Tools, &c. -----	31	83 78	472	679 27	503	.05	763 05	.05
	Wines, Liquors and								
Beer -----	4,649	12,533 58	713	1,471 60	5,362	.49	14,005 18	.98	
Household Goods and									
Furniture -----	603	1,975 45	533	1,667 76	1,136	.10	3,643 21	.26	
Bullion and Lead	10,967	13,263 30			10,967	1.00	13,263 30	.93	
MERCHANDISE -----	20,398	115,787 75	5,151	33,061 96	25,549	2.34	148,849 71	10.39	
MISCELLANEOUS -----	28,727	32,956 48	14,879	31,051 68	43,606	3.99	64,008 16	4.47	
TOTALS -----		881,558	\$1,142,923 71	211,233	\$290,031 84	1,092,791	100%	\$1,432,955 55	100%
PERCENTAGES -----		80.67	79.76	19.33	20.24	100.00		100.00	

TRAFFIC STATISTICS

FOR YEAR ENDED JUNE 30, 1900.

COMMODITY.		FREIGHT ORIGINATING ON COLORADO & SOUTHERN RY.		FREIGHT ORIGINATING ON OTHER ROADS.		TOTAL.		TOTAL.	
		Tons.	Revenue.	Tons.	Revenue.	Tons.	Per Cent.	Revenue.	Per Cent.
PRODUCTS OF AGRICULTURE.	Grain	51,774	\$ 114,312 77	30,706	\$ 44,366 57	82,480	3.22	\$ 158,679 34	4.93
	Flour	43,765	116,859 35	1,372	1,849 24	45,137	1.76	118,708 59	3.69
	Other Mill Products ..	13,870	26,416 73	731	934 82	14,601	.57	27,351 55	.83
	Hay	27,235	62,029 13	3,482	4,308 62	30,717	1.20	66,337 75	2.06
	Tobacco								
	Cotton			1,287	692 87	1,287	.05	692 87	.02
	Fruits and Vegetables ..	7,877	29,660 29	7,236	12,014 37	15,113	.59	41,674 66	1.30
	Potatoes	34,129	105,763 83	9,626	20,986 79	43,755	1.71	126,750 62	3.94
PRODUCTS OF ANIMALS.	Live Stock	39,889	99,573 51	28,061	76,620 18	67,950	2.65	176,193 69	5.48
	Dressed Meats	52	196 55	279	460 94	331	.01	657 49	.02
	Other Packing House Products	582	2,251 25	419	789 71	1,001	.04	3,040 96	.09
	Poultry, Game and Fish	171	478 84	55	70 64	226	.01	549 48	.02
	Wool	2,511	7,976 53	2,993	2,554 45	5,504	.21	10,530 98	.33
	Hides and Leather	570	3,063 20	113	101 24	683	.03	3,164 44	.10
	Anthracite Coal	652	1,285 71	52	59 20	704	.03	1,344 91	.04
	Bituminous Coal	723,434	663,584 88	42,470	33,310 09	765,904	29.86	696,894 97	21.67
PRODUCTS OF MINES.	Lignite Coal	393,944	256,644 44	14,123	19,737 24	408,067	15.90	276,381 68	8.59
	Coke	178,241	146,769 63	12,008	5,063 48	190,249	7.42	151,833 11	4.72
	Ore	203,594	323,666 89	191,330	118,275 06	394,924	15.39	441,941 95	13.75
PRODUCTS OF FOREST.	Stone	70,604	37,559 76	720	727 01	71,324	2.78	38,286 77	1.19
	Lumber	82,363	116,698 54	23,830	30,400 75	106,193	4.14	147,099 29	4.57
	Charcoal	121	292 56			121	.01	292 56	.01

TRAFFIC STATISTICS—CONTINUED

FOR YEAR ENDED JUNE 30, 1900.

COMMODITY.		FREIGHT ORIGINATING ON COLORADO & SOUTHERN RY.		FREIGHT ORIGINATING ON OTHER ROADS.		TOTAL.		TOTAL.	
		Tons.	Revenue.	Tons.	Revenue.	Tons.	Per Cent.	Revenue.	Per Cent.
MANUFACTURE.	Petroleum and other								
	Oils	1,187	\$ 4,628 97	612	\$ 1,914 75	1,799	.07	\$ 6,543 72	.20
	Sugar	496	1,887 91	2,479	4,684 44	2,975	.12	6,572 35	.21
	Naval Stores								
	Iron, Pig and Bloom.	1,553	1,546 21	747	824 67	2,300	.09	2,370 88	.08
	Iron and Steel Rails	10,983	13,368 82	166	174 78	11,149	.43	13,543 60	.42
	Other Castings and								
	Machinery	6,275	22,950 75	6,257	15,145 49	12,532	.49	38,096 24	1.18
	Bar and Sheet Metal.	1,793	4,591 99	3,527	7,390 41	5,320	.21	11,982 40	.37
	Cement, Brick and								
	Lime	29,993	30,364 08	9,906	11,693 36	39,899	1.56	42,057 44	1.31
	Agricultural Impl'ts	190	484 64	994	3,230 69	1,184	.05	3,715 33	.12
	Wagons, Carriages,								
	Tools, etc.	146	587 01	700	2,243 83	846	.03	2,830 84	.09
	Wines, Liquors and								
Beer	10,968	24,804 37	1,600	2,962 36	12,568	.49	27,766 73	.86	
Household Goods and									
Furniture	1,168	3,056 37	2,101	4,885 73	3,269	.13	7,942 10	.25	
Bullion and Lead	36,885	23,627 20	2,659	1,510 17	39,544	1.54	25,137 37	.78	
MERCHANDISE	50,838	307,245 45	13,745	80,718 26	64,583	2.52	387,963 71	12.06	
MISCELLANEOUS	65,866	75,441 91	54,442	76,545 23	120,308	4.69	151,987 14	4.72	
TOTALS		2,093,719	\$2,629,670 07	470,828	\$587,247 44	2,564,547	100%	\$3,216,917 51	100%
PERCENTAGES		81.64	81.74	18.36	18.26	100.00		100.00	

MAINTENANCE AND PERFORMANCE OF LOCOMOTIVES.

	1899-1900.	January 1 to June 30, 1899.
MAINTENANCE OF LOCOMOTIVES:		
Repairs	\$ 299,690 48	\$ 120,596 29
Fuel	316,028 77	119,579 85
Service	355,688 42	134,331 32
Expenses	125,696 96	55,930 60
Total	\$1,097,104 63	\$430,438 06
MILEAGE OF LOCOMOTIVES:		
Freight	2,310,226	918,888
Switching	889,624	351,444
Work	91,312	89,975
Passenger	929,359	369,349
Total	4,220,521	1,729,656
MAINTENANCE PER MILE (in cents):		
Repairs	7.10	6.97
Fuel	7.49	6.91
Service	8.43	7.77
Expenses	2.98	3.23
Total	26.00	24.88
Miles Run to Ton of Coal	18.12	19.23
Miles Run to Quart of Lubricating Oil	29.71	25.13

STATEMENT OF LOCOMOTIVES.

JUNE 30, 1900.

No.	Weight in Pounds Without Tender.	Gauge.	Service.
4	60,300	Narrow	Freight
10	61,300	"	Passenger
3	61,750	"	Freight
20	62,900	"	"
6	71,000	"	"
8	76,000	"	"
3	80,500	"	"
1	80,100	Standard	Switch
1	67,100	"	Passenger
1	74,000	"	"
1	74,500	"	"
1	75,600	"	"
3	76,000	"	"
2	77,400	"	"
7	81,000	"	"
1	82,800	"	Switch
4	86,300	"	Freight
4	88,000	"	Switch
4	93,400	"	Freight
7	94,000	"	Switch
3	96,200	"	"
5	96,200	"	Freight
1	99,000	"	Passenger
1	101,300	"	"
1	105,000	"	"
2	105,000	"	Freight
2	107,000	"	"
10	122,000	"	"
7	123,000	"	"
6	131,200	"	Passenger
5	131,200	"	Freight
1	138,000	"	"
3	138,300	"	"
7	141,800	"	"
3	152,000	"	Passenger
148			

RECAPITULATION.

Kind.	Standard.	Narrow.	Total.
Passenger	28	10	38
Freight	50	44	94
Switch	16	.....	16
Total	94	54	148

PASSENGER CARS

JUNE 30, 1900.

STANDARD GAUGE.

Coaches	22	
Chair	3	
Cafe	3	
Coach and Mail	5	
Coach and Baggage	2	
Baggage	6	
Baggage and Mail	5	
Officers	1	
Total		47

NARROW GAUGE.

Coaches	32	
Excursion Coaches	14	
Coach and Baggage	9	
Baggage	4	
Baggage and Mail	6	
Officers	3	
Total		68
Grand Total		115

FREIGHT CARS

JUNE 30, 1900.

STANDARD GAUGE CARS.

KIND OF CAR.	CAPACITY.				Total.
	32,000.	40,000.	50,000.	60,000.	
Box	100	302	197	658	1,257
Coal	92	516	228	369	1,205
Stock			283	21	304
Flat	75	14		10	99
Refrigerator		19	50		69
Furniture				25	25
Charcoal	17	3			20
Totals	284	854	758	1,083	2,979
Total Capacity ..	9,088,000	34,160,000	37,900,000	64,980,000	146,128,000
Percentage	6.21	23.38	25.94	44.47	100.00

NARROW GAUGE CARS.

KIND OF CAR.	CAPACITY.				Total.
	24,000.	28,000.	40,000.	50,000.	
Box	105	251	101	64	521
Coal	12	158	196	244	610
Stock	13			50	63
Flat	36		19		55
Refrigerator	12	13		6	31
Totals	178	422	316	364	1,280
Total Capacity ..	4,272,000	11,816,000	12,640,000	18,200,000	46,928,000
Percentage	9.10	25.18	26.94	38.78	100.00

Kind of Car.	Standard Gauge.	Narrow Gauge.	Total.
Cars as above for freight traffic	2,979	1,280	4,259
Cabooses	41	15	56
Cinder	6		6
Work Outfit	7	10	17
Wrecking Truck	4	5	9
Wrecking Tool	3	4	7
Flanger	2	4	6
Pile Driver	1	1	2
Full Snow Plow	1		1
Rotary Snow Plow		2	2
Derrick	2		2
Steam Shovel	1		1
Total	3,047	1,321	4,368

ANALYSIS OF IMPROVEMENT ACCOUNT.

JUNE 30, 1900.

Description.	Location.	Amount.	Total.
NEW BUILDINGS AND MACHINERY.			
Depot	Ft. Collins	\$ 4,163 16	
Depot	Central City	3,334 92	
Depot	Slaghts	740 00	
Hotels	Platte Canon	28,222 57	
Pavilion	Silver Plume	4,179 58	
Water Station	Watervale	829 45	
Machinery for Shops	Denver	43,271 61	
Shop Buildings	Denver	17,756 54	\$102,557 83
TERMINALS.			
Freight Depot	Denver	\$ 759 42	
Yard Master and Switchmen's Office	Denver	130 47	
Machinery Platform	Denver	1,742 86	
Sand and Oil House	Denver	735 58	
Coal Chutes	Denver	5,506 50	
Water Station	Denver	4,061 44	
Interlocking Signal Plant	Denver	2,047 64	
Track Scales	Denver	1,733 44	
Registering Station	Denver	78 75	
New Tracks	Denver	23,535 15	
Shop Yard Tracks	Denver	13,417 08	
Crossing Gates	Denver	1,775 68	
Tracks to Globe Smelter	Denver	126 60	55,650 61
TRACKS.			
New Tracks	Ft. Collins	\$ 2,588 36	
Passing Tracks	Frijoli	1,157 83	
Passing Tracks	Abeyta	1,074 23	
Side Tracks	Badger	1,437 31	
Tracks to Coal Mines	Forbes Jet.	5,516 90	
Tracks to Coal Mines	Bowen	6,271 26	
Tracks to Coal Mines	Rugby	6,588 29	
Tracks to Coal Mines	Lafayette	663 87	
Tracks to Coal Mines	Walsenburg	1,489 72	
Extension of Tracks to Mines	Kokomo	1,773 95	
Extension of Tracks to Mines	Leadville	40,446 56	
Extension of Tracks	South Platte	40,784 37	109,792 65
Total			\$ 268,001 09

ANALYSIS OF NEW EQUIPMENT ACCOUNT.

JUNE 30, 1900.

Description.	Capacity.	Amount.
287 Standard Gauge Coal Cars with air brakes and automatic couplers.....	60,000	\$227,575 52
160 Narrow Gauge Coal Cars with air brakes and automatic couplers.....	50,000	64,962 74
50 Narrow Gauge Stock Cars with air brakes and automatic couplers.....	50,000	34,936 46
40 Narrow Gauge Box Cars with air brakes and automatic couplers.....	50,000	20,136 80
3 Standard Gauge Cafe Cars.....		28,690 29
3 Standard Gauge Ten Wheel Pas- senger Locomotives.....		49,303 51
1 Standard Gauge Consolidation Loco- motive.....		12,507 51
1 Narrow Gauge Rotary Snow Plow.....		16,959 86
Total.....		\$455,072 69

ANALYSIS OF MATERIAL AND SUPPLIES

ON HAND JUNE 30, 1900, AND JUNE 30, 1899.

CLASSIFICATION.	June 30, 1900.	June 30, 1899.
Steel Rails	\$ 20,742 77	\$ 34,638 77
Iron Rails	715 41	3,143 06
Scrap Rails	1,095 52	2,529 51
Cross Ties	57,356 55	57,070 08
Switch Ties	5,896 22	3,318 43
Frogs and Switch Fixtures	14,025 31	9,404 01
Spikes and Track Fastenings	13,094 73	11,225 42
Bar and Sheet Iron, Steel, etc.	16,243 64	7,065 33
Copper, Tin, Brass and Other Metals	15,640 50	13,285 29
Car and Engine Castings and Forgings	17,123 75	26,852 91
Wheels and Axles	18,895 87	20,954 92
Tires and Springs	10,798 69	9,816 74
Couplers, Knuckles and Fittings	4,714 87	3,973 67
Links and Pins	1,586 31	1,097 06
Engine Flues and Flue Ends	12,445 90	4,247 23
Air-Brake Equipment	8,167 87	14,967 40
Heating and Lighting Equipment	1,150 66	1,497 29
Pipe and Pipe Fittings	2,569 45	2,873 97
Oil, Tallow and Waste	3,845 30	5,186 93
Engine Fixtures and Fittings	7,666 34	4,771 70
Coach Fixtures and Fittings	1,710 08	1,660 28
Car Fixtures and Fittings	2,750 71	3,777 76
Engine Supplies	411 47	324 93
Train Supplies	1,140 49	1,336 61
Ice	15 96	.....
Bolts, Nuts and Washers	5,700 87	7,230 36
Nails, Screws, Staples, Rivets, etc.	3,338 17	2,640 93
Rubber, Rope, Leather, Packing, etc.	2,138 02	1,856 51
Glass, Paints, Oils and Varnishes	3,563 84	4,045 47
Tools, Belting, etc.	2,721 82	2,034 07
Lumber	37,977 13	31,923 00
Posts and Piling	1,839 69	2,753 35
Wire - Barbed, Steel, Iron, Copper, etc.	542 86	324 46
Builders' Hardware and Material	529 38	434 88
Station Fixtures and Supplies	436 84	620 26
Pumps, Wind Mills, Water Tanks and Fittings	1,647 37	631 14
Stone	264 40	264 40
Coal	26,413 58	17,166 69
Wood and Fuel Oil	425 56	206 02
Stationery, Books and Blanks	4,219 08	5,335 94
Scrap	6,413 42	5,757 56
TOTAL	\$338,576 40	\$327,844 34

THE AUDIT COMPANY
OF NEW YORK.

GRENVILLE M. DODGE, Esq.,
Chairman of the Board of Directors,
Colorado & Southern Railway Company,
New York.

DEAR SIR:—We have made an audit of the books and accounts of The Colorado & Southern Railway Company for the six months ending June 30th, 1899, and for the fiscal year ending June 30th, 1900, and, in accordance therewith, certify that the attached Statements of Income Account, Profit and Loss Account, and the General Balance Sheet, are true exhibits of the results of the operation of the Company for the eighteen months, and of its condition as of June 30th, 1900, as shown by said books and accounts.

THE AUDIT COMPANY OF NEW YORK.

A. W. DUNNING,
Western Manager.

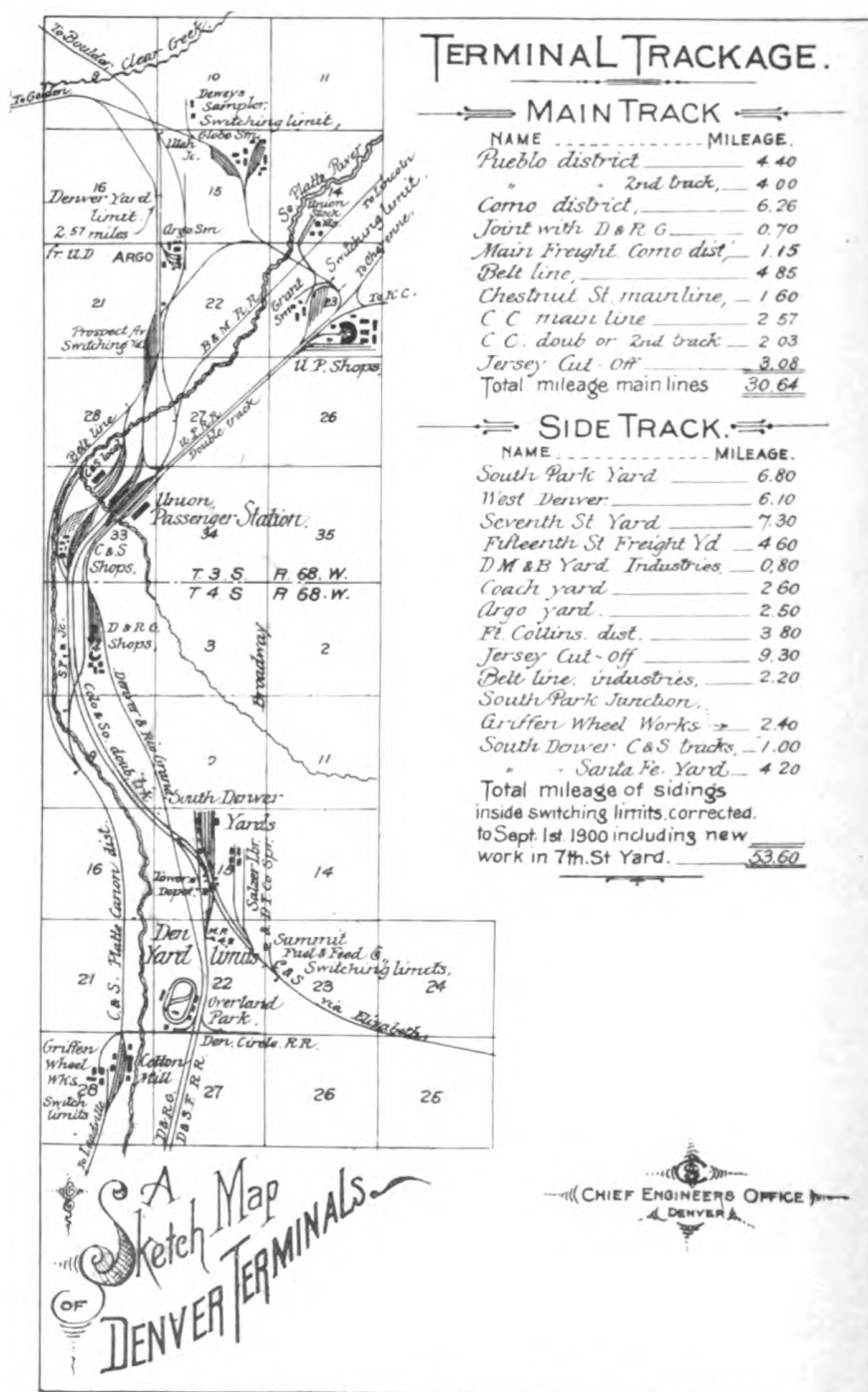
Approved:

THOMAS L. GREEN,
Manager, New York City.

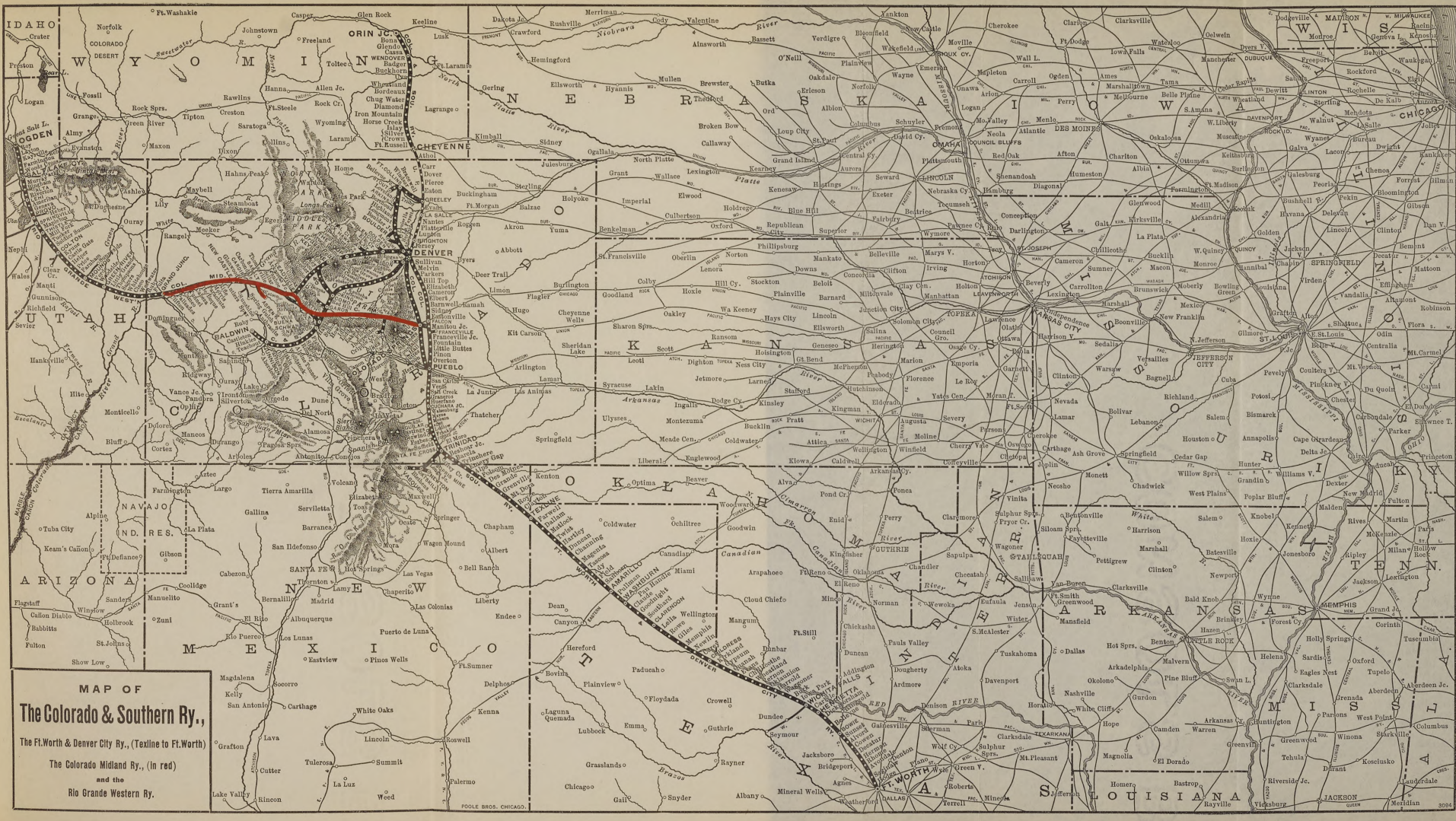
Attest:

F. J. HOWELL,
Western Secretary.

CHICAGO, September 6th, 1900.



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